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DOCTORAL THESIS

The Effect of Corporate Governance on Market Reactions to Earnings: A Comparison of A Class and B Class shares in the People's Republic of China

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**The Effect of Corporate Governance on Market
Reactions to Earnings: A comparison of A Class and
B Class shares in the People's Republic of China**

Presented By

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Submitted in total fulfilment of the requirements of the degree of

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Declaration

The experiments in this thesis constitute work carried out by the candidate unless otherwise stated. The thesis is less than 100,000 words in length, exclusive of tables, figures, bibliography and appendices, and complies with the stipulations set out for the degree of Doctor of Philosophy by Australia.

STATEMENT OF SOURCES

To the best of my knowledge and belief, the work presented in this thesis is original, except as acknowledged in the text. All sources used in the study have been cited, and no attempt has been made to project the contribution of other researchers as my own. Further, the material has not been submitted, either in whole or part, for a degree at this or any other University.

Kevin Jih

Date

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This thesis is dedicated with love to my mother, Shiu-Nu Chen, my uncle, Shui-Yi Chen, my wife, Ya-Su Yang, and my children, Alex Jih, Wen-An Jih and Adrian Jih.

ABSTRACT

The primary objective of this dissertation is to examine the role of corporate governance in the performance of publicly listed corporations. The normative research suggests that stronger corporate governance should lead to better market performance and a firm's governance practice should have a positive effect on its market value.

This research focuses on Chinese capital markets because of their unique characteristics with respect to elements of corporate governance. In the Chinese stock markets, a company issues A-shares which are subject to Chinese governance and is referred as an A-shares company. A company that issues A-shares and B-shares which are subject to Western governance is referred as an AB-shares company.

The primary differences between A-shares governance and AB-shares governance are board independence, accounting standards, audit quality and ownership of stocks. These differences in governance characteristics provide for a direct comparison of the effects of governance structure on market reactions to earnings in a developing market.

An event study is used to isolate the firm's unique response to an earnings announcement as measured by the abnormal returns (CAR- Cumulative Average Residuals). Using a matched pair design the effect of governance structure on market reactions to earnings is assessed.

The results indicate the impact of governance structure on market reactions to earnings is not significant and there is no difference between market reactions to the earnings of B-shares based on IAS and market reactions compared with the earnings of A-shares based on Chinese GAAP.

The results suggest that the market response to earnings prepared under Western standards and governance does not improve the market's perception of earnings quality in the Chinese stock markets. Consequently, it is questionable that Western corporate governance practices are applicable in developing countries.

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TABLE 1-1 : TABLE OF ABBREVIATIONS

ABBREVIATIONS	MEANING
AAA	American Accounting Association
CAPM	Capital Asset Pricing Model
CAR	Cumulative Average Residual
CAS	Chinese Accounting Standards
CICPA	Chinese Institute of Certified Public Accountants
CPA	Certified Public Accountant
CSMAR	China Stock Market and Accounting Research
CSRC	China Securities Regulatory Commission
EAAU	East Asian Analytical Unit
EPS	Earnings Per Share
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standards
IASC	International Accounting Standards Committee
IFAD	International Forum of Accountancy Development
IMF	International Monetary Fund
NBS	National Bureau of Statistics(China)
OECD	Organisation for Economic Cooperation and Development
OLS	Ordinary Least Squares
PRC	People's Republic of China
RGM	Return-Generating Models
RMB	Renminbi (Chinese currency)
SEHK	Security Exchange of Hong Kong
SHSE	Shanghai Stock Exchange
SOEs	State-Owned Enterprises
SZSE	Shenzhen Stock Exchange

1. INTRODUCTION: CORPORATE GOVERNANCE

1.1 INTRODUCTION

Spectacular corporate scandals such as Enron (Palepu and Healy, 2003), WorldCom (Abdel-khalik, 2002), Tyco (Holmström and Kaplan, 2003), Parmalat (Volpin, 2002), HIH and many others have brought the issue of corporate governance to the fore, shaking investor confidence and threatening financial market stability. More recently the sub-prime mortgage crisis plaguing the banking sector has further illustrated that the lack of corporate governance enables insiders, whether they be company managers, company directors or public officials, to increase their personal wealth (Watts and Zimmerman, 1990) at the expense of shareholders, creditors and other stakeholders.

The introduction of the Sarbanes-Oxley Act in the United States was a clear response to the high profile corporate collapses of recent times (Romano, 2004). One of the concerns raised in the aftermath of these collapses was the high earnings derived by senior management. Since their remuneration was mostly based on the share price, a concern raised was that the value of the stock was too reliant on the earnings numbers the firm produced. Therefore, there was every possibility that the financial reports provided by these executives may not have been entirely accurate. A significant aspect of the Act is to impose personal responsibility on senior officers, particularly the CEO and the CFO for a company's financial reports (Holmström and Kaplan, 2003).

Although much attention has been given to corporate governance in the United States and other Western countries, Russia, East Asian countries, and other transition economies are also focused on corporate governance (Black, 2001, Black et al., 2006). The Asian financial crisis was the first issue to prompt many of these countries to take major steps to strengthen governance and review standards for good corporate practices (Bai et al., 2004). The development of the global economy has led to heightened expectations of corporate performance and the attendant accountability of those responsible for those corporations.

In today's globalised economy, companies and countries with weak corporate governance systems are likely to suffer serious consequences affecting the much needed

flow of capital. How corporations are governed largely determines their fate and the fates of entire economies in the age of globalisation.

Although instituting corporate governance is clearly beneficial for firms and countries, the rapid pace of globalisation has made the need more urgent. Doing so requires that firms and national governments make some fundamental changes. Companies must change the way they operate, while national governments must establish and maintain the appropriate institutional framework. Some of the key changes involve adopting international standards of transparency, clarity, and accuracy in financial statements so that investors and creditors can easily compare potential investments (Palepu et al., 2002).

1.2 CORPORATE GOVERNANCE AND FIRM PERFORMANCE

There is a general concern among corporations, institutional investors, international organisations, capital markets, regulators, and researchers as to the role of corporate governance in the performance of publicly listed corporations. The normative research suggests that stronger corporate governance should lead to better market performance and a firm's governance practice should have a positive effect on its market value. However, there are contradictory findings in this area (DeAngelo, 1988, Alcouffe and Alcouffe, 2000, Peng et al., 2003, Bai et al., 2004).

Most of the empirical literature on the relationship between corporate governance and firm performance focuses on a particular aspect of governance, such as board characteristics (Millstein and MacAvoy, 1998, Denis and Mcconnell, 2003), shareholders' activism (Karpoff et al., 1996), compensation to outside directors (Bhagat et al.), anti-takeover provisions (Sundaramurthy, 2000), investor protection (La Porta et al., 2000), and so on. The empirical research attempting to relate the above corporate governance attributes has either not supported the link between governance attributes and performance or at best given conflicting results (Diacon and O'Sullivan, 1995, Coles et al., 2001).

Some of these conflicting findings may be the result of methodological issues. For example, in times of economic growth, the impact of governance may be masked by the

general increases in performance. It is also extremely difficult to construct a matched pair design that allows the effects of governance to be assessed. Further, as most research relies on accounting measures of performance (Bushman and Smith, 2001), problems of earnings management may further compound the ability to identify which governance mechanisms effect performance (Xie et al., DeAngelo, 1988, Chung et al., 2002, Klein, 2002, Xie et al., 2003).

This study uses the unique characteristics of the Chinese capital markets to assess the impact of governance on firm performance. Specifically, the existence of a subset of Chinese companies that are bound to “Western” governance standards allows a direct comparison with those companies adhering to traditional Chinese governance practices. It builds on and extends previous studies that focus on the relationship between governance attributes and firm performance by reviewing the theoretical framework of corporate governance and major governance mechanisms and testing the economic consequence of cross-listing on the Chinese stock market. It assesses the “one view” of appropriate governance structures imposed in the Sarbanes Oxley act and espoused in a range of reports of governance practices in the West (COSO (U.S.), 1992; CICA (Canada), 1995; CCG, Hampel Report (UK), 1998; OECD, 1999).

1.3 CORPORATE GOVERNANCE IN CHINA

1.3.1 THE PROBLEMS WITH CORPORATE GOVERNANCE IN CHINA

China’s economic reform of 1979 produced one of the most impressive growths in the largest developing and transition economy in the world for the past two decades. From 1979 to 2007, China’s gross domestic product (GDP) grew at an average annual rate of over 9.8%. In 2007, China's GDP was US\$3.42 trillion and stood as the second-largest economy in the world after the US when measured on a purchasing power parity (PPP) basis¹.

¹ Date Source: the China National Bureau of Statistics (NBS)

The Chinese government, recognising the need for capital markets, opened two official stock exchanges, the Shanghai Stock Exchange (SHSE) and the Shenzhen Stock Exchange (SZSE), in December 1990 and July 1991 respectively. Their purpose was to raise capital and improve operating performance for state-owned enterprises (SOEs). Two types of shares, A-shares and B-shares are listed in the Shanghai and Shenzhen Exchanges. A-shares are for domestic investors only and denominated in the local currency (RMB or Renminbi). Foreign individuals or institutions are not allowed to buy and sell A-shares. B-shares are denominated in US dollars on the Shanghai Exchange and Hong Kong dollars on the Shenzhen Exchange for offshore investors only. The A and B-share markets were rigidly segmented, causing high price premiums of the A-shares relative to the corresponding B-shares, although A and B-shares have the same rights (Gao and Tse, 2004).

Cross-ownership of A and B-shares was strictly forbidden until the restriction was relaxed in February 2001 when it became permissible for individuals and legal persons in China to buy and sell B-shares (Groenewold et al., 2003).

Despite the impressive growth, China's stock markets are fraught with problems. China had experienced its own version of "Enron". One of the worst cases involved "Yinguang Xia", a biochemical firm that reported a net profit of RMB 417m (USD 50m)² in 2000, but was later found to have made a loss of RMB150m (Bai et al., 2004, Heilmann, 2005). Since then, a few other blue chip companies were also found to have falsified accounts and disclosed misleading financial information. The exposure of these scandals, among other things, greatly damaged investor confidence (Daochi, 2001, Huang, 2002).

Recent official statistics suggest that about one-third of all SOEs are loss-makers, another third either break even or are plagued with implicit losses, while the remaining

² The Chinese Yuan is the currency in China (CN, CHN). The Chinese Yuan is also known as Yuans, and RMB. One US dollar was equivalent to 8.27 RMB in 2000. As at 30/06/08, one US dollar was equivalent to 6.84 RMB.

one-third are marginally profitable. An ineffective governance system has been widely believed as the root cause of corporate China's lacklustre performance (Bai et al., 2004).

1.3.2 DOES CORPORATE GOVERNANCE IMPACT ON THE ACCOUNTING EARNINGS INFORMATION

The objective of this thesis is to determine whether corporate governance impacts on the interpretation of the accounting earnings information. The Chinese stock market provides a unique research site to meet this objective because both Western and local governance principles operate within the one market.

In the Chinese stock market, a company issues A-shares which are subject to Chinese governance and is referred as an A-shares company. A company that issues A- shares and B-shares which are subject to Western governance is referred as an AB-shares company.

A-shares produce financial reports based on Chinese Accounting Standards (CAS) and use Chinese auditors operating under Chinese audit standards. B-shares produce financial reports based on International Accounting Standards (IAS) and use international recognised auditors operating under International audit standards.

The existence of different classes of shares that have different governance mechanisms provides for a direct comparison of the effects of governance on firm performance.

This study adopts the event study methodology to determine whether the Chinese A-shares and AB-shares markets react differently to earnings produced under IAS, compared with earnings based on CAS.

This study tests the effects of earnings announcements between:

1. A-shares and B-shares in an AB-shares company in pre 2001 and post 2001.

This study expects the reaction to these two shares to be the same because they are in the same company with the same rights. However, empirically, we expect them to differ because the A-shares trade at a premium over the B-shares in most of AB-shares firms. Further, as the B-shares trading restriction was

lifted in 2001, we need to compare these reactions in post 2001 and pre 2001. That is, did the markets react differently in these two periods?

2. A-shares of AB-shares companies and A-shares of single A-share listed companies, where the companies are matched in total assets, number of shares and industry.

1.4 SUMMARY OF THE RESULTS

The findings of this research suggest that the Chinese stock markets were segmented for the pre 2001 and market segmentation cease to exist for the post 2001.

The effects of governance structure such as board independence, accounting standards, audit quality and ownership of stocks on market reactions to earnings is not significant for both the pre 2001 period and the post 2001 period.

The results also indicate that there is no difference between market reactions to the earnings of B-shares based on IAS and market reactions compared with the earnings of A-shares based on Chinese GAAP.

The results also indicate that AB-shares' earnings response is not significantly different from that of A-shares' earnings response. Investors do not react differently to earnings announcements due to different accounting standards, board structure and audit quality. These findings imply that corporate governance does not effect on market reactions to earnings in the Chinese stock markets.

1.5 CONTRIBUTION OF THE RESEARCH

This study contributes to the literature on the comparison of the effects of governance attributes on market reactions to earnings between Chinese governance and Western governance. This study will not only promote empirical research into the corporate governance of China's listed companies, but also add more breadth and depth to Chinese financial market research activities. Further, it also promotes fairness and

efficiency of A and B share class markets for domestic and international investors, stock market regulators and international accounting standard regulators.

1.5.1 CONTRIBUTION TO THEORY

Prior research on the relationship between corporate controls and firm performance is premised on the notion that, in theory, there is a direct association between corporate governance and market performance. However, extensive research has produced mixed and often weak results (Hutchinson and Gul, 2004). This study builds on and extends previous studies that focus on the relationship between governance attributes and firm performance by reviewing the theoretical framework of corporate governance and major governance mechanisms and investigating the economic consequence of cross-listing on the Chinese stock market. It is aimed at empirical and theoretical research that advances our understanding, tests existing theoretical models or builds new ones, and challenges assumptions of the factors that lead to success or failure in corporate governance in Asian emerging markets.

1.5.2 CONTRIBUTION TO RESEARCH

The interaction between corporate governance and the earnings response has not been, theoretically and empirically, examined from prior studies of the modern Chinese markets. This study contributes to the existing literature in the following areas. First, it merges different distinct streams of research as no prior study has, theoretically and empirically, examined the full interaction between corporate governance and the earnings response. Second, this study provides direct evidence on the economic consequences of quality of information disclosure as influenced by the structure and form of governance. Specially, it addresses the quality of information disclosures under two dominant accounting standards in China. The results of this study should clarify the reason behind the inconclusive results regarding the governance-performance relationship in an emerging market.

1.5.3 CONTRIBUTION TO PRACTICE

Corporate governance is related to two classes of governance attributes of the firm, internal and external. Internal governance includes boards and board appointments while external governance refers to shareholder structure, audit quality and imposed accounting standards. Corporations need to satisfy shareholders and attract potential investors by adopting appropriate corporate governance practices. The results should highlight the importance of good corporate governance practices by measuring the impact of corporate governance practices on market response to accounting earnings. This enables corporations to evaluate the efficiency of corporate governance in enhancing the reliability and the information content of the end product, being the financial reports. Once shareholders are able to obtain reliable information about corporate performance, their response to financial performance measures becomes greater.

1.5.4 CONTRIBUTION TO EDUCATION

Educators of corporate governance will have a clearer understanding of the role it plays in capital markets. The results should also assist classroom discussions on the role of corporate governance and the analysis of case studies. For instance, educators could encourage the classroom to evaluate corporate governance practices for different firms and match their results with the information content of accounting earnings, as part of their empirical research project.

1.6 STRUCTURE OF THE THESIS

Chapter Two outlines the institutional background of stock trading in China. It documents the history of capital markets, particularly since the Chinese communist party formed the Peoples' of Republic China (PRC). This Chapter discusses the unique ownership characteristic of Chinese capital markets, in particular the dominance of the government as the largest shareholder. It details the structure of the SHSE and SZSE markets in terms of A and B shares and the change in structure over time. Chapter

Three develops the theory underlying the proposed model, which relates corporate governance attributes, earnings and share price. The theoretical constructs are identified and justified through examination of the existing literature. Finally, the chapter discusses propositions and limitations.

Chapter Four describes the research method and techniques used to test the propositions stated in Chapter Three. Chapter Four begins with an overview of the models and restatements of the propositions as hypotheses to be empirically tested. A description of the sample, study period, and data collection is followed by the operationalisation of the theoretical constructs. Finally, the chapter presents an explanation of the analysis procedures.

Chapter Five begins with descriptive statistics and correlation analysis. This is followed by the presentation of the results of the tested models and the inferences drawn from the tests of the hypotheses. The chapter concludes with a discussion of the robustness checks for the models.

Chapter Six summarises the finding of the study including limitation of the results. Chapter Six also investigates the impact of the results on future research. The conclusion restates the study's contribution to knowledge.

2. INSTITUTIONAL SETTING

2.1 HISTORY OF STOCK MARKETS IN CHINA

The history of stock trading in China can be traced back to the 1860s. The first share list appeared in June 1866 and by then Shanghai's International Settlement had developed the embryonic conditions conducive to the emergence of a stock market. This included several banks, a legal framework for joint-stock companies, and an interest in diversification among the established trading houses (Poon et al., 1998, Yusuf and Wu, 2001).

In 1891, during the boom in mining shares, foreign businessmen established the "Shanghai Sharebrokers' Association" headquartered in Shanghai as China's first stock exchange. In 1904, the Association was renamed as "Shanghai Stock Exchange" and registered in Hong Kong under the provision of the Companies ordinance. The supply of securities came primarily from local companies.

Later in 1920 and 1921, *Shanghai Securities & Commodities Exchange* and *Shanghai Chinese Merchant Exchange* started operation respectively. A merger took place in 1929, and the combined markets operated thereafter as the *Shanghai Stock Exchange* (Goetzmann and Köll, 2004).

By the 1930s, Shanghai had emerged as the financial center of the Far East, where both Chinese and international investors could trade stocks, debentures, government bonds, and futures. The operation of the Shanghai Stock Exchange came to an abrupt halt after Japanese troops occupied the Shanghai International Settlement on December 1941. In 1946, the Shanghai Stock Exchange resumed its operations before closing again three years later in 1949, after the Chinese communist party formed the PRC.

After the Cultural Revolution ended and Deng Xiaoping rose to power, China was re-opened to the outside world in 1978. During the 1980s, China's government started economic reforms in Southern China to strengthen China's economy by transforming the centrally-planned economy into a market-oriented economy. In 1981, government bonds re-emerged, and in 1984, Shanghai and other regions began to issue shares and corporate bonds.

As a result of the economic reforms, China experienced the unprecedented economic prosperity. However the partial reforms could not sustain economic development indefinitely (Yeh, 1992).

Budgetary deficits, scarceness of capital supply and inefficient operation of state-owned enterprises (SOEs) emerged from the economic expansion during the partial economic reforms. Under these circumstances, China's government allowed the issue of bonds and stocks, attempting to raise capital and improve the efficiency of the SOEs.

The main purpose of China's government in permitting the issues of stocks was to replenish the capital deficits rather than establish a trading market. However, a primary market cannot exist if there is not a secondary market. Black-market trading and over-the-counter transactions emerged and accelerated China's government to permit bonds and stocks to trade in the Shanghai and Shenzhen stock exchanges. On November 26, 1990, the Shanghai Stock Exchange was established again and officially opened on December 19. The Shenzhen Stock Exchange was established in early 1991. The establishment of these two exchanges has contributed significantly to the super economy of China today (Shi and Weisert, 2002, Ma, 2004, Liu, 2006).

At the end of 2006, the Shanghai Stock Exchange had over 71 million investors, 886 listed stocks and 842 listed companies with a combined market capitalisation of RMB 7,161 billion (US\$ 1,044 billion). The Shenzhen stock exchange had 38.2 million investors, 621 listed stocks, 868 listed companies with a combined market capitalisation of about RMB 3,873 billion (US\$564 billion)³.

In 2007, China stood as the second-largest economy in the world after the US when measured on a purchasing power parity (PPP) basis. In November 2007, China became the third-largest in the world after the US and Japan with a nominal GDP of US\$3.42 trillion when measured in exchange-rate terms. From the economic reforms begun in

³ Data Source: Shanghai Stock Exchange Fact Book 2006, Shenzhen Stock Exchange Fact Book 2006 & China Securities Market Investment Yearbook 2005.

1979 to 2007, China's GDP grew at an average annual rate of over 9.8%. The Chinese economy in 2007 was nearly 14 times larger than it was in 1979, and real per capita GDP was more than 10 times larger (Coudert and Couharde, 2007, Eichengreen and Tong, 2007, Morrison, 2008). Table 2-1 shows China's average annual GDP growth from 1990 to 2007.

TABLE 2-1: CHINA'S AVERAGE ANNUAL REAL GDP GROWTH: 1990-2007

Year	Growth (%)	Year	Growth (%)
1990	3.8	1999	7.6
1991	9.3	2000	8.4
1992	14.2	2001	8.3
1993	14	2002	9.1
1994	13.1	2003	10
1995	10.9	2004	10.1
1996	10	2005	9.9
1997	9.3	2006	11.1
1998	7.8	2007	11.4

Chronology

- 1866 - The first share list appeared in June.
- 1871 - Speculative bubble burst triggered by monetary panic.
- 1883 - Credit crisis resulted speculation in Chinese companies.
- 1890 - Bank crisis started from Hong Kong.
- 1891 - "Shanghai Sharebrokers Association" established.
- 1895 - Treaty of Shimonoseki opened Chinese market to foreign investors.
- 1904 - Renamed to "Shanghai Stock Exchange".
- 1909-1910 - Rubber boom.
- 1911 - Revolution and the abdication of the Qing Dynasty. Founding of the Republic of China.
- 1914 - Market closed for a few months due to the Great War (World War I).
- 1919 - Speculation in cotton shares.
- 1925 - Second rubber boom.
- 1929 - "Shanghai Securities & Commodities Exchange" and "Shanghai Chinese Merchant Exchange" were merged into the existing Shanghai Stock Exchange.

- 1931 - Incursion of Japanese forces into northern China.
- 1930s - The market was dominated by the rubber share price movements.
- 1941 - The market closed on Friday 5 December. Japanese troops occupied Shanghai.
- 1946-1949 - Temporary resumption of the Shanghai Stock Exchange until the Communist takeover. Founding of the People's Republic of China in 1949.
- 1978 - Deng Xiaoping re-opened China to the rest of the world.
- 1981 - Trading in treasury bonds was resumed.
- 1984 - Company stocks and corporate bonds emerged in Shanghai and a few other cities.
- 1990 - The present Shanghai Stock Exchange re-opened in November 26 and began operation on December 19.
- 2001-2005 - A four-year market slump which saw Shanghai's market value halved (after reaching a peak in 2001). A ban on new IPOs was enforced in April 2005 to curb the slump and allow more than US\$200 billion of mostly state-owned equity to be converted to tradable shares.
- 2006 - The SSE resumed full operation as the yearlong ban on IPOs was lifted in May. The world's largest ever (US\$21.9 billion) IPO by the Industrial and Commercial Bank of China (ICBC) was launched in both Shanghai and Hong Kong stock markets.^[1]
- 2007 - A "stock market frenzy" as speculative traders rush into the market, making China's stock exchange temporarily the world's second largest in terms of turnover. Fears of a market bubble and intervention by authorities caused large fluctuation not seen since the past decade.

2.2 STRUCTURE OF CHINA'S STOCKS

China's stock market has enormous potential to impact on investment, trade, the national economy and the world markets. However it has features which differ significantly from Western stock markets. The most pronounced feature is the complicated structure of China's stocks, which are classified by accessibility into A-shares, B-shares, H-shares and N-shares. A-shares are available to Chinese residents and B-shares are available to foreign investors. B-shares have also been available to Chinese residents with foreign currency since 2001. A-shares and B-shares are listed in the Shanghai and Shenzhen stock exchanges. H-shares and N-shares are listed in Hong Kong and overseas stock markets.

A-shares and B-shares are the focus of this research. A-shares prices fluctuate extensively and trade at a premium, compared to B-shares which are relatively steady. Table 2-2 shows the number of A-shares and B-shares companies listed in Shanghai and Shenzhen Stock Exchanges from 1990 to 2007.

TABLE 2-2: NUMBER OF LISTED COMPANIES FROM 1990 TO 2007

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SHSE																		
A-shares	8	8	29	101	169	184	287	372	425	471	559	636	705	770	827	824	832	842
B-shares			9	22	34	36	42	50	52	54	55	54	54	54	54	54	54	53
Total	8	8	38	123	203	220	329	422	477	525	614	690	759	824	881	878	886	895
SZSE																		
A-shares		6	24	76	118	127	227	348	400	450	499	494	494	491	522	531	566	657
B-shares			9	19	24	34	43	51	54	54	58	56	57	57	56	55	55	55
Total		6	33	95	142	161	270	399	454	504	557	550	551	548	578	586	621	712

While the number of B-shares has remained relatively constant since 1999, the number of A-shares has increased significantly.

2.3 OWNERSHIP OF CHINA'S STOCKS

Chinese listed companies are mandated to have three classes of ownership shares: state shares, institutional shares and shares issued to individuals. State shares are held by the central government or government ministries, provincial, municipal, and city governments. These shares are prohibited from trading. Institutional shares, also called legal entity shares, are owned by separated legal entities such as investment institutions, other enterprises, and the foreign partners of a corporatised joint venture. These shares also cannot be traded on exchanges, but they can be sold to other legal entities. Individual shares can be classified into A-shares for domestic Chinese citizens and B-shares for foreign individuals and entities, and Chinese citizens with foreign currency.

Each of these groups hold approximately 30% of the stock and only individual shares (A share) are traded on exchanges. At the end of 2001, 46% of China's listed firms' outstanding shares were state shares (Xu and Wang, 1999, Ji, 2005, Suk-Yee Lee et al., 2005).

Liu and Sun (2005b) indicate that the state is in the ultimate and absolute control of 81.6% of all public companies through government direct control of 9% of the listed companies and government indirect control of 72.6% of the listed companies via stock pyramids. State shareholding enables the government to remain involved in and have the potential to dominate firms' decision-making (Tian, 2001, Liu and Green, 2003, Qiang, 2003, Wong et al., 2004, Tian and Estrin, 2005, Beveridge, 2006, Clarke, 2006).

The most important implication of the dominant role of state ownership in China's listed companies is the control that the government may exert over management appointments and incentives (Qiang, 2003). This has the potential to change the shareholder management dynamic that is central to the Western agency theory, particularly as it relates to governance theory and shareholder structure.

2.4 BOARD STRUCTURE IN CHINA'S LISTED COMPANIES

There are three tiers of control over a company's operations: the shareholders' general meeting, the boards of directors and supervisors, and management. The general shareholders' meeting has rights to approve the management remuneration, the financial budget, important investment plans, and the nomination of the board of directors and supervisors. The board of directors makes key investment plans and the board of supervisors oversees the decision-making process and performance of senior management and directors. Management is responsible for day-to-day operations and for implementing the decisions of the board of directors (Xu and Wang, 1999, Shi and Weisert, 2002, Clarke, 2003, Wang, 2005).

Most board members and managers of China's listed firms have a status that corresponds to that of the civil servant. Their remuneration and promotion rely on the assessments of their superiors in the political and administrative hierarchy rather than market performance. Liu (2006) finds that more than one-third of the CEOs are also the chairmen of the board of directors, which hinders the board from playing an effective monitoring role. Therefore, the role of the board and its independence may be compromised in the Chinese market.

The first survey of board composition conducted in 1996 by the China Securities Regulatory Commission, (CSRC), shows that out of China's 530 listed companies, 22.1% had all inside directors. In 2000, 76% of the directors of listed companies on the Shanghai Stock Exchange were subject to election by the shareholders as part of Western-style director succession rules. Because of the dominance of the state and state institution ownership, 69% of the elected directors⁴ were appointed by the state. Furthermore, the Shanghai Securities Exchange conducted a survey of board composition in 2001 and found that 0.3% of directors surveyed could be classified as "independent"(Clarke, 2006, Huang, 2007).

On August 16, 2001, the China Securities Regulatory Commission (CSRC) issued its "Guidance Opinion on the Establishment of an Independent Director System in Listed Companies" (Independent Director Opinion). The Opinion covers Chinese companies listed in China. In addition, On December, 2001, the CSRC issued the final version of Securities Companies Measures, which contains an explicit requirement that independent directors constitute not less than one quarter of the board of directors in the following circumstances: (1) the chairman of the board and the chief executive officer are the same person; (2) internal directors constitute at least one fifth of the board; or (3) the department in charge of the company, its shareholders' general meeting, or the CSRC deems it necessary.

As a result of the Opinion and regulations issued by the CSRC, the proportion of outsider directors on the board has been surprisingly high, about 70.6% (Bai et al., 2001, Liu, 2006). Chen et al. (2004) argue that although the proportion of outsider directors on the board is high, the level of board independence and professionalism is not necessarily good. They find that politicians and state-controlling owners occupy most board seats, and almost 50% of the directors are appointed by state-controlling owners, and another 30% are affiliated with various layers of governmental agencies.

⁴ A survey of corporate governance practices among companies listed on the Shanghai Stock Exchange conducted in early 2000 by Integrity Management Consulting and the Research Centre of the Shanghai Stock Exchange, shareholders at that time appointed 76% of the directors of listed companies. Like Western Markets, not all directors are subject to election each year.

There are few professionals such as lawyers, accountants, and finance experts on the boards and almost no representation by minority shareholders.

The findings of Bai et al. (2001) have implications both for securities regulators and listed companies in China. They suggest that corporate governance can be improved significantly by increasing the independence of the board of directors from management and improving the board's monitoring role.

2.5 AUDITING IN CHINA'S STOCK MARKET

Independent auditing practices did not exist under the command economic system of the People's Republic of China before 1980. The demand for auditing services was the result of economic reform driven by the need to develop a capital market and induce foreign investment.

There are several institutional characteristics that impede the supply of, and demand for, independent audits in China. First, the widespread government ownership of both clients and their auditors impedes the supply of independent audits in China. Chinese CPA firms were established and initially owned by government bodies. More than 70% of listed company auditors were affiliated with state agencies at the end of 1996, and the controlling shareholders in virtually all listed companies are government entities. In addition, the Chinese Institute of Certified Public Accountants (CICPA) is under the direction of the Ministry of Finance (Xiang, 1998, DeFond et al., 1999). This situation has caused much concern regarding auditor independence in China.

Second, prior 2001 there were no corporate governance mechanisms to protect minority shareholders in China. For example, audit committees were nonexistent in China and there was no requirement that independent outside members sit on boards of directors.

Third, the Chinese CPA profession is too small to deal with huge demand of auditing services. There were approximately 62,000 practicing CPAs at the end of 1997 with 1,000 licensed to audit listed companies. The growth of the number of practicing CPAs

has been relatively small. At the end of May 2006, there were 69,700 practicing members and over 70,000 non-practicing members⁵.

In addition, there are virtually no cases of shareholder litigation against Chinese auditors. Without the threat of costly shareholder litigation, auditors have less incentive to avoid audit failures, and shareholders have less incentive to discover them (Lys and Watts, 1994, DeFond and Subramanyam, 1998, Palmrose, 1998, DeFond et al., 1999, Healy and Palepu, 2001).

The above institutional characteristics of the Chinese audit market have not only impeded the auditor independence, but also led to a decrease the credibility and value-relevance of the financial reports audited by the Chinese CPAs.

2.5.1 IMPLICATION FOR GOVERNANCE

The key differences between A-shares governance and AB-shares governance are board independence, accounting standards, audit quality and ownership of stocks. The differences in governance characteristics between A-shares companies and companies with AB-shares provide a useful site to test the relevance of international governance standards in a developing market. Specifically, a matched pair design using Event Study Methodology provides a comparison between the market responses to an earnings announcement where differences in governance practices exist. Table 2-3 presents a summary of the difference in governance characteristics between A-shares companies and AB-shares companies.

⁵ Data Source: Statistics of Accounting Firms & Practicing Certified Public Accountants (as at May 31,2006)

TABLE 2-3: THE DIFFERENCES IN GOVERNANCE CHARACTERISTICS BETWEEN A-SHARES AND AB-SHARES

Type of Shares	Accounting Standards	Audit Quality	Ownership of stocks	Board Independence
A-shares	Chinese Accounting Standards (CAS)	Chinese Audit Standards, Audited by Chinese CPA	Chinese legal entities, Chinese Citizens	Board structure heavily concentrated and dominated by the government
AB-shares	International Accounting Standards (IAS)	International Audit Standards, Audited by International recognised CPA	Foreign individuals and entities, Chinese citizens with foreign currency	Board structure not dominated by the government because of the existence of foreign shareholders

3. THEORY DEVELOPMENT

3.1 INTRODUCTION

Chapter One identifies the role of corporate governance in the performance of publicly listed corporations. Of particular interest is the relationship between corporate governance and firm performance. Chapter Two outlines the institutional background of stock trading in China and suggests that the structural uniqueness of the market may impact on the expected governance-performance relationship.

Section 3.2 of this chapter presents the general model to assess the extent to which governance attributes moderate value-relevance of accounting information. This section has as its focus the traditional earnings value relationship. Governance is presented as a moderating variable. Section 3.3 reviews the literature on the effects of corporate governance attributes and states the propositions relating the effects of earnings announcements under different governance attributes. Limitations of the model are discussed in section 3.4. Section 3.5 summarises the chapter and stated propositions.

3.2 MODEL OVERVIEW

While there have been a large number of studies addressing the relationship between corporate governance and company-market performance, the results have been mixed (Diacon and O'Sullivan, 1995, Bianco and Casavola, 1999, Denis, 2001, Mukherjee, 2001, Hutchinson and Gul, 2004, Shrivies, 2004). Part of the problem with this research is the difficulty in designing an empirical test where the effects of changes in governance can be measured while controlling other factors. The Chinese stock market provides a unique research site in that both Western and local governance systems operate within the one market. This provides for a direct comparison of the effects of governance on firm performance.

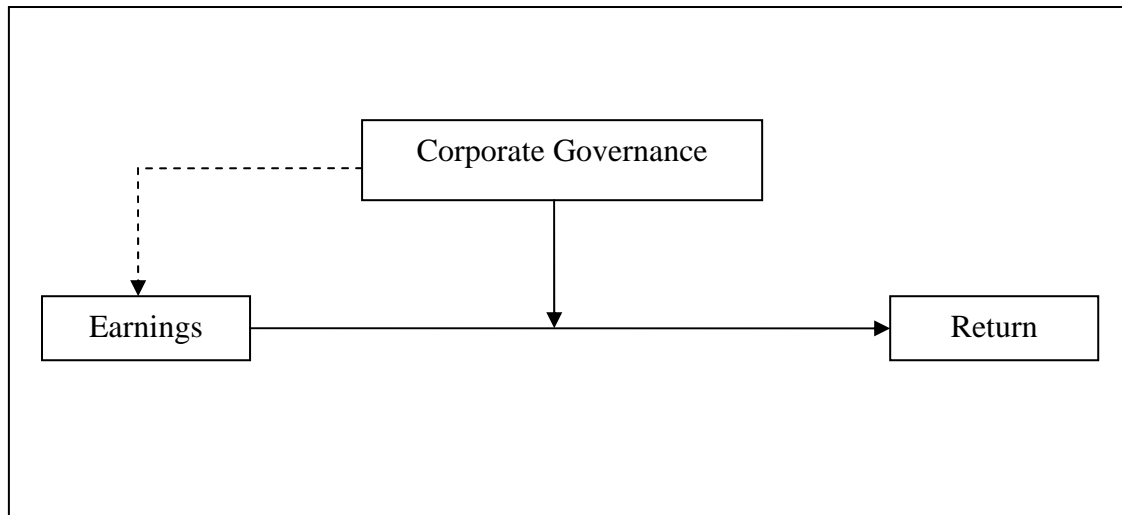
3.2.1 EARNINGS RESPONSE MODEL

While earnings is shown to have a positive association with market value (Ball and Brown, 1968), this research argues for corporate governance playing a moderating role on the earnings value relationship. Corporate governance may increase the reliability of earnings, thereby increasing the value-relevance of earnings and it may impact on the level of earnings of the firm. In other words, corporate governance may have a positive impact on the association between earnings and market value (Ohlson, 1983, Kormendi, 1987, Ohlson, 1995, Ohlson, 1999, Kothari, 2001, Donnelly, 2002, Dina F and Abdulatia, 2006).

In this research, the impact of corporate governance on the company wealth is assessed as either a direct impact or indirectly via earnings.

Figure 3-1 provides a schematic of the relationship among earnings, and corporate governance and return.

FIGURE 3-1: EARNINGS RESPONSE MODEL



From Figure 3-1, both earnings and return are expected to have a positive association with return reflecting the value-relevance of the accounting measures. The model suggests that corporate governance plays a moderating role, impacting on the association between earnings and return.

No accounting or finance theory provides a formal direct link between corporate governance and the share return. However, a number of studies have suggested such a relationship empirically by directly comparing the association between corporate governance and share returns (Lemmon and Lins, 2001, Bauer et al., 2003, Salva, 2003, Yoshikawa and Phan, 2003, Jones, 2004, Suk-Yee Lee et al., 2005, Nguyen and Aman, 2006). In addition, other studies show that corporate governance impacts directly on accounting earnings and thus is indirectly linked to the changes in share returns (Xie et al., Collins and DeAngelo, 1990, Alford et al., 1993, Anderson et al., 2003, Bauer et al., 2003, Xie et al., 2003, Bushman et al., 2004, Suk-Yee Lee et al., 2005, Brown et al., 2007).

The link between corporate governance and the information content of accounting earnings is based on the view that corporate governance influences shareholders' perception of earnings reliability through its influence over management's activities and opportunistic behaviour. Thus, corporate governance plays a critical role, as an indicator of earnings reliability, between company earnings and returns (Collins and DeAngelo, 1990, Chen et al., 1999, Haw et al., 1999, Suk-Yee Lee et al., 2005, Black et al., 2006).

The greater effectiveness of corporate government should result in a greater return. Therefore a greater return should be derived from earnings prepared under Western governance requirements compared to earnings prepared under other governance requirements. If Western corporate governance requirements are universally applicable, including developing countries, then the market response to earnings prepared under these governance requirements should be greater when other governance requirements are used.

The remainder of this chapter provides an elaboration of corporate governance variables that may influence share returns and the market value of a firm's shares.

3.3 REVIEW OF LITERATURE

Some researchers argue that the primary objective of corporate governance is not to directly improve corporate performance, but to resolve agency problems by aligning management's interests with the interests of shareholders (Maher and Andersson, 2000). Thus, corporate governance is a means by which various stakeholders exert control over a corporation by exercising certain rights as established in the existing legal and regulatory frameworks as well as corporate bylaws (John and Senbet, 1998). This view suggests a reduction in agency costs thus leading to increased earnings and an increase in the reliability of the earning number. Both the increase in earnings and the perceived reliability of earnings should have a positive effect on the market value of company shares.

A large segment of the corporate governance literature focuses on a more direct relationship between corporate governance and corporate performance (Lawrence and Stapledon, 1999, Bai et al., 2004, Hutchinson and Gul, 2004). Brown and Caylor (2004) demonstrate that corporate governance is strongly correlated with operating performance, valuation, and dividend payout for a large sample of US firms. Black et al. (2004) and Beiner et al. (2004) indicate that the direction of causality is likely to flow from corporate governance to performance rather than the other way round⁶. Numerous studies also find that individual attributes of good governance are associated with higher performance (Diacon and O'Sullivan, 1995, Kang and Shivdasani, 1995, Dahya et al., 1998, Core et al., 1999, Xu and Wang, 1999, Mak and Li, 2001, Brown and Caylor, 2004, Brown and Caylor, 2006, Firth et al., 2006, Nguyen and Aman, 2006).

The major corporate crises starting with the stock market crash of 1987, followed by the US, Savings and Loan scandals, and then heightened by the Asian financial crisis (Choi et al., 2000, Johnson et al., 2000, Dickinson and Mullineux, 2001, Lemmon and Lins, 2001, Mitton, 2002) and the corporate collapses of the early 2000s (Palepu and Healy,

⁶ There is a compelling argument for causality in the other direction. Poor performance by a firm may lead to changing their board structures and other governance variables (Dahya et al., 1998, Firth et al., 2006).

2003, Arnold and de Lange, 2004, Froud et al., 2004, O'Connell, 2004) put governance at the top of the political agenda. There has been a surplus of corporate investigation starting in the USA and spreading to the UK, which has then produced a series of reports whose influence, example and model has spread throughout the world (Vinten, 2000). These influential reports are for example, COSO (U.S.), (1992), Hampel Report (UK), (1998), Cadbury report (UK), (1992) and OECD (1999).

There is an ongoing debate on whether the Western governance mechanisms are applicable to developing economies which might need different corporate governance systems (Preobragenskaya and Mcgee, Frydman et al., 1996, Dynkin and Ivanova, 1998, Filatotchev et al., 1999, Buck et al., 2000, Black, 2001, Perotti and Gelfer, 2001, Buck, 2003, Judge et al., 2003, Peng et al., 2003, Puffer and McCarthy, 2003, Black et al., 2006). With the new and emerging market economies seeking to implement the “right” corporate governance, this debate has attracted serious attention from finance and legal scholars (John and Senbet, 1998, Chen et al., 1999, Buck et al., 2000, Buck, 2003, Yoshikawa and Phan, 2003, Suk-Yee Lee et al., 2005).

This research restricts its focus to four key governance variables:

- Shareholder Structure
- Board Independence
- Audit Quality
- Accounting Standards

No one study can cover all governance attributes however the four variables chosen in this study are the governance attributes that differ between the A and B share markets. In addition, they are the variables that other studies have shown are significantly related to firm performance (Benston, 1982, Chen et al., 1999, Krishnamurthy et al., 2002, Gao and Tse, 2004, Jeong and Rho, 2004, Firth et al., 2006, Ding et al., 2007, Firth et al., 2007, Zhou, 2007).

3.3.1 SHAREHOLDER STRUCTURE

Since Berle and Means (1932), the relationship of ownership and control to firm performance is one of the most popular and enduring research topics in disciplines

ranging from law and economics to management (La Porta et al., 1998, Bratton, 2001, Liu et al., 2006, Kapopoulos and Lazaretou, 2007).

Berle and Means' book "The Modern Corporation and Private Property" appeared in 1932 and focused on the prevalence of widely held corporations in the United States. They focused on firms where ownership of capital was distributed among the small shareholders, while control was primarily in the hands of the managers. They were the first to introduce the concept of corporate ownership. Berle and Means (1932) addressed the problem of management responsibility stemming from the separation of ownership and control and implied that diffuse ownership adversely affects firm performance (Bratton, 2001, Kapopoulos and Lazaretou, 2007).

From the recent development in the theory of a firm's ownership structure and its associated control mechanism, two dimensions have evolved:

- the concentration of shareholdings/the degree of control, and
- the identity or class of controlling shareholders.

There is a large body of empirical literature focusing on the concentration of shareholdings dimension (Xu and Wang, 1999, Goergen and Renneboog, 2001, Brunello et al., 2003, Bushman et al., 2004, Tian and Estrin, 2005, Wang, 2005, Ding et al., 2007).

Typically, a firm is classified as owner-controlled if a dominant shareholder owns a specified fraction of the firm while a manager controlled firm has highly diversified shareholdings. There is extensive evidence from Short (1994), Leech and Leahy (1991) and Thomsen and Pedersen (2000) suggesting that that owner controlled firms outperform manager controlled firms. However within the owner controlled category, there is no distinction made between internal and external shareholdings.

Generally speaking, dominant external shareholders would concern themselves only with the firm's performance whereas internal shareholders may have other interests and objectives (Morck et al., 1988, McConnel and Servaes, 1990, Short, 1994, Nickell et al., 1997, Liu and Sun, 2005a).

3.3.1.1 CHINESE SHAREHOLDER STRUCTURE

Comparatively, the literature on the identity or class of controlling shareholders is rare and underdeveloped. Although there are some studies which focus on the effect upon corporate performance of a certain class of controlling shareholders, for example, top management (Morck et al., 1988), employee ownership (Park et al., 2004), managerial ownership (Jahmani and Ansari, 2006, Mueller and Spitz-Oener, 2006) and government ownership (Ang and Ding, 2006), the finding on the performance effects of various shareholding classes remains vague and sparse, especially in emerging markets and developing economies.

The unique ownership structure of Chinese listed companies provides an excellent laboratory to test the impact of ownership by type of shareholder on firm performance. Such a study is worthwhile not only to understand the relationship between ownership and corporate performance in general, but also for a more general understanding of corporate governance mechanisms in emerging markets and transition economies (Liu and Sun, 2005a, Wang, 2005).

Economists generally view government ownership as being detrimental to corporate performance. This detriment may be more prevalent given that the Chinese government is in control of 81.6% of all public companies (Liu and Sun, 2005b). Shleifer and Vishny (1998) indicate that private ownership is preferable to state ownership because the government has a “grabbing hand” that extorts firms for the benefit of politicians and bureaucrats at the expense of corporate wealth. Estrin and Perotin (1991) argue that a firm’s performance cannot be maximised under the control of the government shareholder because the state has political as well as economic objectives. Megginson and Netter (2001) point out that state ownership is widely believed inefficient, and privatization results in improved performance. Tian and Estrin (2005) examine the ownership structure of 826 Chinese listed companies and find that government shareholding is surprisingly large and its effect on corporate value is found to be negative.

In line with the Western literature, the overall impact of state shareholding on corporate values in China is found to be negative. Sun and Tong (2003) and Wang (2005) find that the relation between state ownership and operating performance is usually insignificant.

However, Qian (2002) suggests that in China, government ownership can in fact be helpful to company performance. The positive roles that the government shareholder can play come from preferential commercial treatment as well as governance advantages when state ownership is concentrated.

The key difference in terms of stock ownership between A-shares firms and AB-shares firms is the presence of foreign shareholders. The presence of foreign shareholders of B-shares provide an interesting study of the impact of shareholder structure on firm performance between A-shares firms and AB-shares firms in China.

Combining the theory of inefficient government ownership with the Chinese institutional environment leads us to hypothesise that firms with a higher proportion of private shareholders, especially foreign shareholders will perform better than those that are heavily concentrated and dominated by the government shareholder.

This leads to the first proposition as follows:

Proposition One:

Due to a higher proportion of private shareholders, especially foreign shareholders, earnings response of the A of AB-shares should be greater than earning response of the A-shares.

3.3.2 BOARD INDEPENDENCE

3.3.2.1 THEORY OF BOARD INDEPENDENCE AND PERFORMANCE

The first defensive line of shareholders against management's opportunistic behavior is the board of directors (Watts and Zimmerman, 1981, Weisbach, 1988, Watts and Zimmerman, 1990, Bhagat and Black, 1999, Sundaramurthy, 2000, Hossain et al., 2001). The board of directors carries out the monitoring function on behalf of

shareholders. It ensures that executive managers carry out their duties in a way that serves the best interests of shareholders. Without the board, shareholders would find it difficult to exercise control due to wide dispersion of ownership of common stock (Fama and Jensen, 1983, John and Senbet, 1998).

The empirical literature provides substantial evidence that the boards play an important monitoring role. Much of the empirical research in corporate governance utilises data on formal board structures and independence to study the effectiveness of the board and its impact on firm performance (Hirshleifer and Thakor, 1994, Tricker, 1994, Warther, 1994, John and Senbet, 1998).

These studies suggest that the effectiveness of the board is closely associated to the degree of board independence, and the board independence is highly related to its composition. Empirical studies on board composition define that board independence increases proportionately with the number of outside directors (Rosenstein and Wyatt, 1990, John and Senbet, 1998, Mishra and Nielsen, 2000, Dehaene et al., 2001).

While the evidence provided by Dalton et al. (1998) on the relationship of board composition to financial performance indicates equivocal findings, other evidence supports the view that a greater proportion of outside directors is positively correlated with firm performance (Coles and Hesterly, 2000, Mishra and Nielsen, 2000). For example, greater representation of outside directors is associated with a greater likelihood of CEO turnover for poorly performing firms (Weisbach, 1988). This indicates a potential improvement in financial performance for poorly performing firms. Research on wealth effects surrounding outside director appointments shows significant, positive share-price reactions (Rosenstein and Wyatt, 1990) suggesting the direct link between board independence and financial performance. In takeover and merger research, independent boards have a lower probability of adopting a poison pill (Mallette and Fowler, 1992). The findings on wealth effects and mergers are consistent with investors expecting outside directors to improve a firm's future-market performance. Table 3-1 presents a summary of the relationship between board attributes and corporate performance. The table shows a general positive relationship between accounting and market measures of firm performance and the structure / independence of the board. Firm performance measures can be categorised as market measures, (price,

returns etc) and accounting measures (earnings, ROI, ROA etc). Independence of the Board appears to influence both earnings and values. The earning response model presented in Figure 3-1 is supported by Table 3-1. An expectation of improved earnings is a function of good governance through its reduction on agency costs and the improved reliability of the earnings numbers.

TABLE 3-1: PRIOR STUDIES ON BOARD'S ATTRIBUTES

<i>Author / Year</i>	<i>Independent Variables</i>	<i>Dependent Variable</i>	<i>Method</i>	<i>Significance / Relationship</i>	<i>Findings</i>
Dalton et al., (1998)	Board composition, board leadership structure	Accounting returns	Meta-analytic reviews	Insignificant	Careful review of extant research addressing the relationships between board composition, board leadership structure, and firm financial performance demonstrates little consistency in results. In general, neither board composition nor board leadership structure has been consistently linked to firm financial performance.
Klein, (1998)	Board Committee Structure	ROI Stock returns	Regression	Significant and positive	There is a significant tie between firm performance and how boards are structured. First, a positive relation is found between the percentage of inside directors on finance and investment committees and accounting and stock market performance measures. Next, firms significantly increasing inside director representation on these two committees experience significantly higher contemporaneous stock returns and return on investments than firms decreasing the percentage of inside directors on these committees.
Mishra and Nielsen, (2000)	Independent outside directors	Accounting performance - Returns	Regression	Significant and positive	They find that the relative tenure of independent outside directors have a positive effect on accounting performance.
Dehaene et al., (2001)	Board structure	ROE	Cross-section	Significant and positive	There is a significant positive relationship between ROE of a company and the number of external directors: the more external directors, the better the performance.
Kiel and Nicholson, (2003)	Board size The proportion of inside directors	Market-based measure of firm performance	Regression	Positively correlated	They find that, after controlling for firm size, board size is positively correlated with firm value. They also find a positive relationship between the proportion of inside directors and the market-based measure of firm performance.
Jude et al., (2003)	Board structure (informal CEO duality)	Firm performance (Profit, ROA etc)	Regression analysis	Significant and negative	They found consistent evidence suggesting that informal CEO duality was negatively related to firm performance. While this relationship has been found to be unclear in the developed economies, there is a strong and pronounced negative relationship between informal CEO duality and firm performance in this Russian sample.

Peng et al., (2003)	Outside board members	Pre-tax profits and ROI	Interview-based Survey	Insignificant	In the context of privatisation and restructuring in Russia, the evidence offers little support for the hypotheses. Their findings raise interesting questions about whether the underlying theory is appropriate, whether there are methodological problems, or whether there are institutional factors in Russia's transition economy that need to be accounted for when we test agency theory in a new setting.
Cotter and Silvester, (2003)	Board & monitoring committee independence	Firm value	Regression	Insignificant	While they predict a positive relationship between board and monitoring committee independence and firm value, their results do not support this conjecture.
Brown and Caylor, (2004)	Independent outside directors	ROE & ROA	Stepwise approach	Significant and positive	Their result indicates that the provision of "Nominating committee comprised solely of independent outside directors" is positive and significantly related to operating performance.
Brown and Caylor, (2004)	Outside directors in Compensation committee	ROE & ROA	Stepwise approach	Significant and positive	Their result indicates that the provision of "Compensation committee comprised solely of independent outside directors" is positive and significantly related to operating performance.
Brown and Caylor, (2004)	No former CEO serves on the board	ROA	Stepwise regression	Significant and positive	Their result indicates that the provision of "No former CEO serves on the board" is positive and significantly related to operating performance.
Han et al., (2004)	Independent directors & board size, stock holdings of directors	Stock return & ROA	Regression	Significant and positive	This paper investigates the relationship between board structure and firm performance using a sample of 490 publicly listed firms in China. They find significant relationships between firm performance and three characteristics: the rewards to director, the stock holdings of directors and the existence of independent directors.
Nguyen and Aman, (2006)	Board Size	ROA	Tobin's Q	Significant and positive	Their findings from Japan's listed firms suggest that board size has a significant negative influence on firm performance.
Nguyen and Aman, (2006)	Independent directors	ROA	Tobin's Q	Positive	Their findings from Japan's listed firms suggest that the proportion of independent directors appears to have a positive effect on firm performance.
Nguyen and Aman, (2006)	Board Turnover	ROA	Tobin's Q	Significant and positive	Their findings from Japan's listed firms indicate that board turnover is significantly associated with performance.
Aggarwal and Williamson, (2006)	Director education	Q & Q-adj	Tobin's Q	Insignificant	Governance attributes associated with director education has an insignificant impact on firm value.

3.3.2.2 BOARD INDEPENDENCE IN THE CHINESE MARKETS

As discussed in Chapter Two, the role of the board and its independence may be compromised in the Chinese market for A-shares. Most board members and managers of China's listed firms have a status that corresponds to that of the civil servant. Their remuneration and promotion rely on the assessments of their superiors in the political and administrative hierarchy rather than market performance.

As ownership is heavily concentrated and dominated by the government, the board directors of China's listed firms, particularly A-shares firms, may not be concerned about the interests and rights of individual shareholders.

As shown in Table 3-1, in Western markets, the highly independent boards are expected to have an impact on shareholders' perception of earnings reliability and relevance in the Western markets. This is because stronger board monitoring should enhance the information content of the financial reporting and should provide assurance to shareholders on the reliability of reported earnings (Anderson et al., 2003).⁷ However, in the Chinese markets, the different status of Board Members, and their possibly compromised independence levels, may lead to a diminished impact of board independence and structure on firm performance. The corollary is that the role of management may also lead to lower incentives for them to engage in the pursuit of perquisites and other agency-cost related behaviour.

However, if firms with both A and B shares have corporate cultures and practices that are similar to Western firms, then their board structure should reflect a higher level of board independence. Because the directors of A-shares firms may have their allegiance to the government rather than the shareholders; the market should perceive their earnings announcements to be less reliable. That is, they have a higher likelihood

⁷ Not many studies empirically examining the impact of board independence on shareholders' perception of accounting earnings. Anderson et al., (2003) examine the impact and find that board independence is positively related to the information content of earnings. The results of Anderson et al. (2003) are limited by testing a single financial period and using a single proxy for unexpected earnings when testing the returns-earnings regression.

of management manipulation. The greater independence of the boards of AB shares' firms should result in shareholders' perceiving earnings as being more reliable. This leads to the second proposition as follows:

Proposition Two:

The market reaction to earnings announcements by AB-shares firms will result in significantly greater positive returns relative to returns resulting from earnings announcements of A-shares firms.

3.3.3 AUDIT QUALITY

Auditors play a key role in terms of value relevance of accounting earnings as they provide investors with independent assurance that the firm's financial statements are fairly presented (Healy and Palepu, 2001, Kothari, 2001). Research shows that capital providers require firms to hire an independent auditor as a condition of financing, even when it is not required by regulation (Leftwich, 1980). This implies that capital providers regard auditors as enhancing credibility (Siew Hong and Wong, 1993, Wild, 1994, Abdel-khalik, 2002, Klein, 2002, DeFond et al., 2004).

There is no empirical research that examines directly whether or not auditors significantly enhance the credibility of reported financial statements (Siew Hong, 1992, Krishnamurthy et al., 2002, Khurana and Raman, 2006, Brown et al., 2007, Gul et al., 2007). There are several potential explanations for the lack of evidence on the value of auditor opinions to investors. One explanation for this finding is that auditors act in the interest of the managers that hire them, rather than in the interest of the firms' investors. A related explanation is that auditors are concerned about minimising their legal liability, rather than enhancing the credibility of financial reports (Watts and Zimmerman, 1981, Dodd et al., 1984, Abdel-khalik et al., 1999, Healy and Palepu, 2001).

Healy and Palepu (2001) indicate that the audit related factors that affect credibility of financial statements include differences in audit standards, the legal framework governing the audit profession, enforcement of standards and rules, and differences in professional training requirements.

However research identifies auditor independence as the significant determinant of audit quality to financial statement credibility. A key element of audit quality is related auditor size and consequently suggests a positive association between audit quality and auditor size. Moreover, by using the dichotomy approach (Big Five & sol; non-Big Five), numerous studies in many countries have found that the largest audit firms with international reputations earn fee premiums due to their perceived higher quality (Niemi, 2004). These fees reflect that high quality of audits impact on the reliability of the financial reports of companies. To justify the higher fees paid by companies, the market must value this more reliable information. DeAngelo (1981) and Palmrose (1998) document that Big Six auditors charge higher audit fees, spend more time on audits, and have fewer lawsuits than non-Big Six auditors. This suggests that Big Six auditors provide higher quality audits than non-Big Six auditors.

DeAngelo (1981) further indicates that as a general proposition, auditors with a greater number of audit clients have reduced incentives to 'cheat' in order to retain any one client, *ceteris paribus*. When client-specific quasi-rents are identical across clients of a given auditor, auditors with a greater number of current clients supply a higher level of audit quality, because their total collateral is greater. Table 3-2 presents a summary of audit quality research.

TABLE 3-2: PRIOR STUDIES ON AUDIT QUALITY

<i>Author / Year</i>	<i>Independent Variables</i>	<i>Dependent Variable</i>	<i>Method</i>	<i>Significance / Relationship</i>	<i>Findings</i>
Watts and Zimmerman, (1981)	Audit firm size	Audit Quality		Significant	They develop an alternative theory that predicts that auditor size is a surrogate for audit quality. Their argument is that large audit firms supply higher quality audits because they possess a comparative advantage in monitoring individual auditor behavior.
DeAngelo, (1981)	Audit firm size	Audit Quality		Significant	Their paper has shown that, when incumbent auditors earn client specific quasi-rents, audit quality is not independent of auditor firm size. They argue that audit quality is not independent of audit firm size, even when auditors initially possess identical technological capabilities.
Titman and Trueman, (1984)	Firm's market value	Audit Quality		Significant and positive	The finding indicates that owners of firms with higher true value will choose higher quality audits than those in firms of lower true value. Investors, observing this relation, will then assign higher market values to those firms that choose higher quality audits.
(Siew Hong and Wong, 1993)	Auditor size Big Eight (B8) and non-Big Eight (NB8)	(ERC) earnings response coefficient	Multiple regression	Significant and positive	They examine whether the earnings response coefficient (ERC) differs between Big Eight (B8) and non-Big Eight (NB8) audited firms. It provides a test of the joint hypotheses that auditor size is a proxy for auditor credibility and of the modified H-V model. They find that the ERCs of Big Eight clients are statistically significantly higher than for non-Big Eight clients.
DeFonseca et al., (1999)	Government regulation	Auditor independence		Negative	Their findings suggest that government regulation alone is insufficient to create financial markets that foster auditor independence.
Krishnamurthy et al., (2002)	Auditor reputation and independence (Big 4 auditor)	Market prices	Multivariate regression	Significant	They document that when firms quickly dismissed Andersen, the announcement returns are significantly higher when firms switched to a Big 4 auditor than when they either switched to non-Big 4 auditors or did not announce the identity of the replacement auditor. Their empirical results support the notion that auditor reputation and independence have a material impact on perceived audit quality and the credibility of audited financial statements and that the market prices this.
Ho and Wong, (2001)	Audit committee	Voluntary Disclosure	Weighted disclosure index	Significant and positive	The existence of an audit committee is significantly and positively related to the extent of voluntary disclosure.

Jeong and Rho, (2004)	Discretionary accruals	Big Six and non-Big Six auditors	Multivariate regression	Insignificant	There may be no difference in audit quality between Big Six and non-Big Six auditors in Korea. This is consistent with other studies in Korea, while inconsistent with the findings of previous studies on audit quality in other countries.
Niemi, (2004)	Audit firm size & technical capability	Audit prices	Using the data on hourly billing rates & the auditor characteristics	Positive	This study documents, after controlling for the auditor's technical capability, the positive association between auditor size and audit pricing. The results suggest that both size and technical capability have a positive impact on auditor remuneration, implying that product differentiation also takes place among these small audit firms.
Khurana and Raman, (2006)	Audit fee	Auditor independence	Questionnaire and interview survey	Negative	Their findings suggest that both non-audit and total fees are perceived negatively by investors--that is, the higher the fees paid to the auditor, the greater the implied threat to auditor independence and the lower the financial reporting credibility of a Big 5 audit.
Brown and Caylor, (2006)	Audit Quality	Company Return	Gov-Score stepwise regression	Significant and positive	They find that better-governed firms are relatively more profitable, more valuable, and pay out more cash to their shareholders.
Muhamad and Karbhari, (2006)	Auditor reputation (Big 4 auditor)	Auditor independence	Questionnaire and interview survey	Significant and positive	Questionnaire and interview surveys were employed to seek the perceptions of senior managers of Malaysian audit firms, banks and public listed companies. The results indicated that auditors in Big Four firms are superior to their counterparts in non-Big Four firms in all of the reputation issues presented to them. The majority of respondents indicated that Big Four auditors are better able to resist management pressure in conflict situations and Big Four auditors have more incentive to behave independently than the non-Big Four auditors.
(Gul et al., 2007)	Politically connected non-Big 4 auditors	Audit quality	Regression	Negative	Using a large sample of firms that are listed on China's A-share markets, this paper shows that politically connected non-Big 4/5 auditors are associated with lower levels of audit quality (proxied by the level of abnormal non-core earnings and the proportion of modified audit opinions) than firms with no political connections.
(Colbert and Murray, 1998)	Auditor size	Audit quality		Significant and positive	The results show that for firms that perform audits, reviews, and compilations (but not for firms that perform reviews and compilations, but no audits) auditor quality is positively associated with firm size, the number of previous reviews, and oversight by state societies. These findings suggest that (1) firm size is a useful quality surrogate only for firms that conduct audits, (2) the AICPA's peer review program has been successful in that firms improved their peer review ratings over time, and (3) state society-sponsored reviews should be examined to assess if they are conducted with the same rigor and intensity as AICPA-sponsored reviews.

However, empirical research using Korean data, show different results. Choi and Paek (1998) examine whether Big Six auditors actually charge higher fees and spend more time on audits than non-Big Six auditors. They document that there is no difference in audit fees between Big Six and non-Big Six, but Big Six auditors spend more time on their audits. This suggests that Big Six auditors are not recognised as providing a higher quality service than non-Big auditors in at least one developing economy (Jeong and Rho, 2004).

The finding of Choi and Paek (1998) has implications for developing markets. While the quality difference between Big Six and other auditors is not recognised in fees, a large number of audits undertaken by the large firms many still provide the “net fee” difference suggested by DeAngelo (1981). The Chinese market reflects these characteristics.

DeFond et al., (1999) find that the presence of foreign shareholders provides an incentive for the international joint venture partners to act independently in order to protect their reputation in international capital markets and suggest that Big Four auditors have a market advantage over local Chinese auditors among the clientele that demand high-quality audits.

As the annual reports of AB-shares are required to be audited by international CPAs, the market should perceive their earnings announcements to be more reliable. Furthermore, the greater auditor independence of AB-shares’ firms should also result in shareholders perceiving earnings as being more reliable.

If firms with both A and B-shares have audit practices that are similar to Western firms, then their financial statements should reflect a higher level of auditor quality. This leads to the third proposition as follows:

Proposition Three:

B-shares’ financial statements audited by international CPAs have higher credibility and value-relevance than A-shares firms’ financial statements audited by Chinese CPAs.

3.3.4 MARKET SEGMENTATION

A-shares and B-shares markets were rigidly segmented until February 2001. While domestic investors were allowed to invest in A-shares, foreign investors could invest only in B-shares.

Domestic investors have been allowed to trade B-shares using their foreign currency savings since 19 February 2001. This change was attributed to the poorly performing A-shares, illiquid B-shares' markets and the government's aiming to finance its social security fund gap⁸, Chinese authorities decided to sell part of state-owned shares by reforming the stock markets. Furthermore, Qualified Foreign Institutional Investors (QFII) granted foreign institutions access to the domestic A-share market on 1 December 2002⁹ (Qiang, 2003, Ji, 2005, Zhang and Wu, 2008).

Despite these reforms, the question still remains, are the A-shares and B-shares markets no longer segmented after 2001? Because domestic investors have to use foreign currency to trade B-shares, it may be argued that the Chinese stock markets are still partially segmented, particularly given China's strict foreign currency control¹⁰. This

⁸ According to a survey conducted by China central bank (People's Bank of China), by the end of 2000, 51.2% of the 62,656 enterprises failed to repay their bank debts. The non-performing loan ratios in the state-owned banking system are estimated at between 25 and 30%. While the poor financial performance of a large number of SOEs, including state-controlled listed companies, imposes a severe burden on the banking system, and is also a potential threat to financial stability, unemployment concerns are still making real restriction to further reform on SOEs and PLCs (Qiang, 2003).

⁹ Foreign institutional investors are allowed to hold no more than 10% of total outstanding A-shares. In contrast to the enthusiasm of domestic investors for the B-share market, QFII remains underdeveloped. This is perhaps not surprising, given foreign investors' earlier lack of interest in the B-share market and the continuance of ownership restrictions. In addition, the fact that B-shares trade at a discount to their A-share counterparts but carry the same voting, dividend, and liquidation rights suggest that QFII firms would buy in the B-share market before buying A-shares in an AB company. It is only the shares in an A only company that may be of interest to QFIIs.

¹⁰ Since Dec.1, 1996, China has introduced a new system of foreign exchange control under which the Chinese yuan is convertible on current accounts, but strict administrative measures are still in place

argument is consistent with the finding of Mei et al.(2004), as they indicate that the relaxation of restrictions on purchase of B-shares by domestic investors did not eliminate all price premiums and they remained at a level around 80%.

Chen et al.(2006) also argue that a certain degree of segmentation still exists today and it is impossible for investors to take advantage of arbitrage opportunities. This is because China's local currency, the Renminbi, is still not freely convertible; Chinese investors cannot purchase foreign currency in order to purchase B-shares, and short selling is not allowed in either the A or B-share markets.

Given the restrictions on foreign currency purchases, the characteristics of the A and AB markets are analogous the cross listing of firms on overseas markets. The decision of a company to issue B-shares is similar to that of a domestic company deciding to list on a foreign market. The domestic investor does not have the access to the overseas market or the necessary foreign exchange to trade in that market. The Chinese A-shares investor faces similar restrictions when considering arbitrage opportunities in the B-shares market and the B-shares market investor has similar characteristics to the investor on the foreign listing market.

3.3.4.1 THEORY OF SEGMENTATION

Having a B-share market prior to 2001 was analogous to a domestic company cross listing on another exchange.

Based on the limited literature on cross listing of firms (Hietala, 1989, Chakravarty et al., 1998, Hooper and Heaney, 2000, Ji, 2005) and for markets where shares owned by foreign investors are traded separate from domestically-owned shares, we can summarise the research on the behaviour between the markets as follows:

for capital account. Foreign exchange is not allowed to circulate or to be used in lieu of the settlement of accounts except in free trade zones. Any organisation or individual with international balance of payment should declare for statistical purposes (SIXIAN, J. (2004) Basic features of foreign exchange control in China. Pudon New Area.).

- Stulz and Wasserfallen (1995) find foreign investors pay higher prices for shares than domestic investors in Switzerland.
- Bailey et al. (1999) analyse price premiums using stock price data from 11 countries¹¹ and indicate that although basic notions of international asset pricing offer a straightforward explanation for the price premiums, they find little evidence that the price premiums are explained by lower foreign required returns.
- Hietala (1989) investigates the price premiums for the Finnish stock market and reports a monthly mean premium of 30% for the foreign share price. He also finds that foreign investors require a lower rate of return than do domestic investors.
- Bailey and Jagtiani (1994) find an average premium of 19% for Thailand's Alien Board of the stock exchange, which they suggest is correlated with the severity of foreign ownership restrictions, tradability, and information availability.
- Domowitz et al. (1997) suggest that the differentiated demand elasticity hypothesis explains the premium on Mexican foreign B shares.

The above studies suggest that a segmented foreign market on a domestic board results in a premium over and above the domestically traded shares. Previous studies, such as Eun and Janakiramana (1986)¹², Hietala (1989), Bailey (1994), Bailey and Jagtiani (1994), and Stulz and Wasserfallen (1995) have used capital controls, information

¹¹ Bailey et al. (1999) evaluate the price premium observed stocks in Taiwan, Indonesia, Malaysia, Singapore, Mexico, Norway, Switzerland, Philippines and Thailand.

¹² Eun and Janakiraman (1986) develop a model of international asset pricing in the presence of the foreign ownership restrictions on the domestic shares. They show that foreign investors offer a premium to domestic investors when the ownership constraint is binding.

asymmetries, corporate governance, liquidity and price discrimination to explain these premium of foreign shares (Mei et al., 2004).

However, the Chinese market shows the opposite behaviour. The existing arguments and factors that explain the price premium in other markets cannot explain the opposite phenomenon in China. B-shares are known to trade at a substantial discount to domestic A-shares. This anomaly has generated much interest among researchers (Bailey, 1994, Bailey et al., 1997, Haw et al., 1999, Mei et al., 2004, Ji, 2005, Suk-Yee Lee et al., 2005, Yang and Lau, 2005, Wu et al., 2008).

Some researchers suggest that this discount on B-shares is a result of political risk (Hooper and Heaney, 2000). The fact that China is not democratic, and has a non European or Western legal system, leads overseas investors to higher risk assessments, higher required rates of return, and lower market values. This analysis assumes that these non-systematic risks are non-diversifiable, an assumption that is inconsistent with the Capital Asset Pricing Model (CAPM) of Sharp (1964).

Hietala (1989) indicates that domestic investors cannot diversify away the specific country risk as effectively as foreign investors can. Therefore, incomplete diversification on the part of domestic investors and foreign ownership restrictions are more likely to lead to price premiums rather than discount for the B-shares (Chakravarty et al., 1998).

Bailey (1994) attributes the B-share discount to Chinese citizens' lower opportunity costs of investing due to a lack of outlets for their savings. However, Bailey's study (1994) was carried out with only one-year weekly data from 1992 to 1993. Ma (1996) finds that the B-share premium is negatively related to the domestic beta, which means when A-share beta is high, the A-share price is also high. This requires China investors to be irrational and risk seeking. Bailey et al. (1999) conducted a comprehensive study on eleven countries that have similar segmentation structure. They acknowledge that China is a "strange case" and difficult to explain.

The more recent findings on B-shares discounts before and after 2001 are summarised in Table 3-3.

TABLE 3-3: THE FINDINGS OF RECENT STUDIES ON B-SHARES DISCOUNTS

Author / Year	Data Period	Finding
Bailey (1994)	1992-1993	He attributes the B share discount to Chinese citizens' lower opportunity costs of investing due to a lack of outlets for their savings.
Ma (1996)	1992-1994	Cross-sectional differences between prices of A-shares and B-shares are correlated with investors' attitudes toward risk and correlations between B-shares and foreign shares. Time series variability in the discounts of B-shares is highly positively correlated. However, the discounts are not correlated with real interest rates. Regulatory changes may explain part of the variability of B-shares' discounts.
Charkravarty et al. (1998)	1994-1996	Informational asymmetry is a major factor. The B-share discounts could be caused by irrationally high domestic demand for the A-shares, or foreign investors' sentiment towards the Chinese stocks. The interest rate differential between the domestic and foreign markets is another factor that may influence the level of the discounts.
Bailey et al. (1999)	1996-1998	They examine various factors that can potentially explain the price premium phenomenon, and explicitly acknowledge that China is a "strange case" and difficult to be explained.
Fernald and Rogers (2000)	1993-1997	They attribute a 4-percentage-point difference in expected rates of return for foreign vs domestic investors to China's limited investment outlets. They find no evidence that the B-share discount is related to either the B-share or A-share covariance risks.
Sun and Tong (2000)	1994-1997	The existence of the H-share listed and traded in Hong Kong provides good substitutes for the B-share market so foreign investors' demand for B-shares could be quite elastic.
Chen et al.(2001)	1992-1997	They argue that the substantial price discounts in B-shares are primarily due to the low level of liquidity in the B-share market.
Karolyi and Li (2003)	1999-2001	They find that the decline in the B-share discount around this regulatory event is concentrated in small capitalisation stocks and those with substantial past-return momentum and is unrelated to the firm's risk and liquidity attributes.
Mei et al.(2004)	1993-2001	The turnover rate of A shares is able to explain a large portion of the cross-sectional variation in AB-share premium.
Ji (2005)	1998-2001	He suggests that ineffective governance system has been believed as the root cause of the B-share discounts.
Chen et al.(2006)	2001	The policy had a very positive price impact on the B-share price at least within four trading days after the 2001 policy announcement was made. They find no evidence of information leakage prior to the announcement. Their GARCH-type statistical model also shows that these reforms did reduce the price volatility in the Class B markets at least to some extent.

The existence of the H-share in the Security Exchange of Hong Kong (SEHK) provides good substitutes for the B-share market. Sun and Tong (2000) find that when more H-shares are listed in the SEHK, the B-share discount becomes larger. H-shares may be more attractive because of better corporate governance, as the SEHK is well established, more open, and more rigorous in terms of listing requirements and information disclosure than the mainland Chinese stock exchanges (Poon and Fung, 2000, Wang and Jiang, 2004, Li et al., 2006, Zhang and Wu, 2008).

Recent studies of Qiang (2003), Bai et al.(2004) and Ji (2005) suggest that ineffective governance systems have been the root cause of the B-shares discounts. Their findings can be interpreted as supporting the proposition that good corporate governance attracts a premium. This interpretation is consistent with McKinsey's findings¹³ on emerging markets, 80% of institutional investors and private equities are willing to pay a premium to well-governed firms. If this argument holds, then Chinese investors must view Western governance standards as "poor" standards when compared to Chinese governance standards.

These arguments attempt to explain the A-shares premium but these explanations are independent of the impact of earnings on market performance. Charkravarty et al. (1998) argue for an informational asymmetry. They suggest that it is an irrationality in the market that drives the differences. If their argument holds, and the other explanations for the premium (as shown in Table 3-3) hold, a carefully designed event study should be able to isolate the earnings performance relationship that controls for these other explanations. All other things being equal, where cross listing is concerned, the A-shares market (A-shares and A of AB-shares) should lead to higher earnings responses relative to B-shares because these markets are "analogous" to a domestic listing while the B-shares is analogous to a foreign listing.

¹³ McKinsey surveys on institutional investors and private equities, 1999, 2000, 2001 and 2002, with investment focus on emerging markets and found that 80% of them are willing to pay a premium to well-governed firms.

If the governance arguments hold, the A-shares price premiums can be interpreted that Chinese investors regard Chinese governance standards as a better control mechanism and the A-shares market views earnings announcements as more reliable than the B-shares market, then the response to an earnings announcement will be greater in the A-shares market than in the B-shares market.

The above discussion regarding the segmenting of markets leads to the fourth proposition as follows:

Proposition Four:

- (a) *If the Chinese stock markets are segmented prior 2001, earnings response of the B of AB-shares should be greater than earnings response than of the A of AB-shares within an AB-shares company.*

Post 2001, domestic Chinese with foreign currency being able to invest in B-shares, the market segmentation should cease. If Chinese stock markets are not segmented, there should be no difference in market's response to the A-share and B-share of an AB-shares company

- (b) *If the Chinese stock markets are not segmented for the post 2001 period, there should be no difference in market's response to the A-share and the B-share of an AB-shares company.*

3.3.5 ACCOUNTING STANDARDS

The rapid globalisation of capital, product, and labour markets has created a strong demand for international accounting standards in recent years (Chen et al., 1999, Ashbaugh-Skaife and Pincus, 2000, Kothari, 2001, Sami and Zhou, 2004).

Ashbaugh-Skaife and Pincus (2000) investigate the impact of differences in countries' accounting standards relative to IAS on the accuracy of financial analyst earnings

forecasts for a sample of non-US firms before and after they adopt IAS. They conclude that IAS adoption leads to increased disclosure, a restricted set of measurement methods and a more predictable financial information and a more accurate earnings forecast. Leuz (1999) examines German firms that switch from German GAAP to IAS and the findings are consistent with the Ashbaugh-Skaife and Pincus findings. However, Leuz (2002) finds no significant economic difference between the IAS and US GAAP.

The Chinese stock market provides a unique research site where both IAS and Chinese GAAP operate within the one market. A-shares only companies' annual reports for domestic shareholders are based on Chinese GAAP, audited by local CPA firms. However, B-shares' annual reports of AB-shares firms for foreign shareholders are based on International Accounting Standards (IAS), audited by international CPAs. For a Chinese company which issues both A and B shares, two sets of financial reports have to be prepared and made available to the public on the same day (Zhang and Zhao, 2004, Suk-Yee Lee et al., 2005). Thus, holding other institutional factors constant, this unique feature differentiates AB-shares firms from their counterparts which issue only domestic A-shares. It provides a basis for the accurate assessment of the difference between local and international GAAP and the ability to measure the impact on share price.

Comparisons of reported earnings under Chinese GAAP and IAS have found them to have significant differences. Chen et al.(1999) find that the reported earnings based on the Chinese GAAP were on average 20-30 percent higher than those under IAS. After restatement, 15 percent of AB-shares companies changed from a reported profit to a reported loss. The differences between the two sets of earnings are caused by differences in accounting standards and financial rules, opportunistic applications of the Chinese GAAP, and unusual market-wide events. Bao and Chow (1999) find that the earnings and book value based on IAS have greater information content than those based on Chinese GAAP in explaining stock prices. The interesting question is whether the markets will respond mechanistically to the separate reported numbers.

Further, Chen et al. (1999) find that 28.5% of the total difference between the two reported earnings is attributable to accruals, which are open to management-opportunistic reporting under the Chinese GAAP.

Bao and Chow (1999) also find that the level of disclosure is higher for the B-shares than for the A-shares, and the IAS are more conservative than the Chinese GAAP. As a result, the profit numbers, asset numbers, and book values differ between the IAS and PRC GAAP statements.

Sami and Zhou (2004) investigate the difference in the value-relevance between the accounting information prepared under the Chinese GAAP for A-share investors and under the IAS for B-share investors. Their three primary findings are first, accounting information influences the pricing process in both the A-share and the B-share market. Second, the accounting information in the B-share market is more value relevant than that in the A-share market, as expected. Finally, the value-relevance level of accounting information in the A-share market was low in earlier years, peaked in 1996, and then decreased due to changes in the disclosure environment. However, the value-relevance level of accounting information in the B-share market had no substantial changes.

A survey for the GAAP 2001 project conducted by the International Forum of Accountancy Development (IFAD) regarding the consistency of domestic GAAP with IAS reported eight areas in which specific Chinese GAAP rules are missing concerning recognition and measurement, and another six areas in which disclosure requirements are lacking. It appears that the Chinese GAAP will need a drastic overhaul to achieve higher quality and faster convergence toward the IAS (Ji, 2005).

Ji (2005) indicates that the IAS is undoubtedly the higher quality accounting standard and a firm which adopts a higher disclosure standard, sends a credible signal that it will reduce the agency cost of having large shareholders, since large shareholders commit themselves to less consumption of private benefits.

In theory, the increase in information disclosure accomplished by the choice of accounting standard has a twofold impact. It reduces the firm's cost of capital and simultaneously increases the cash flow available for investing in growth opportunities. (Kim and Verrecchia, 1991b, Kim and Verrecchia, 1991a). Furthermore, Wang et al., (2008) find the level of information disclosure is positively related to firm performance.

In accordance with the above discussion, the increased information disclosure of Chinese AB-shares firms can be interpreted as the mechanism for committing to a

higher corporate governance standard. Therefore, earnings based on a higher corporate governance standard should result in a greater market response. This leads to the fifth proposition.

Proposition Five:

The market's response to earnings based on IAS should be greater than earnings produced under Chinese GAAP for the period of 2001-2003.

3.4 LIMITATION

As with the development of any model, the process of abstracting from reality introduces a number of limitations into the model. The major limitations of the model are as follows:

- Since Chinese A- and B-shares' trading periods perfectly overlap each other, this paper is subject to the least non-synchronous problem.
- Only one of the firms issuing both A and B-share was delisted during the sample period. Thus, this study is virtually free from survivor bias.
- The model applies only to large firms where there is a clear separation between ownership and management. This is called a "Berle-Means" world (Stiglitz, 1999).¹⁴
- Corporate governance practices might be driven by poor financial results. Endogeneity problems in empirical corporate governance research are large, but not critical (Denis, 2001). Dealing with this problem requires carefully designed tests and cautious interpretation of the results.¹⁵

¹⁴ Berle and Means (1932) emphasised the separation of share ownership and managerial control. The shareholder exercises full clear-cut property rights over the shares, that is, to buy, hold, or sell the shares. But no organised decision-making unit owns the company as its private property.

¹⁵ The problem is dealt with, in this study, through vigilant collection of the data and through a research method that isolates endogenetic problems. While data relating to corporate governance practices are selected for the duration of the period, financial data are selected for the ending financial year. Thus, the practices of corporate governance precede the financial results, which controls for endogenetic problems relating to corporate governance. The cross-sectional approach in analysing the data also isolates any problems relating to endogeneity that accompany the time-series approach.

- If other corporate governance attributes contribute to the integrity of the financial reporting process, then parameter estimates may be biased.
- Given that the model is tested using archival data, the data is likely to contain the influences of several factors that are not accounted for in the model. Isolating the impact of the constructs on the market's reaction may prove difficult.

3.5 SUMMARY OF THE CHAPTER

Chapter Three developed a theoretical model of the links between company performance and corporate governance. The model suggests that corporate governance plays a moderating role, impacting on the association between earnings and returns.

This Chapter reviewed the corporate governance literature focusing on a direct relationship between corporate governance and corporate performance. Chapter Three restricted its focus to the effects of four corporate government attributes, shareholder structure, board independence, audit quality and accounting standards.

Five theoretical propositions were developed from the discussion in this chapter. Table 3-4 presents a summary of the propositions.

TABLE 3-4: PROPOSITIONS

<i>Proposition</i>	<i>Description</i>
<i>One</i>	<i>Due to a higher proportion of private shareholders, especially foreign shareholders, earnings response of the A of AB-shares should be greater than earning response of the A-shares.</i>
<i>Two</i>	<i>The market reaction to earnings announcements by AB-shares firms will result in significantly greater positive returns relative to returns resulting from earnings announcements of A-shares firms.</i>
<i>Three</i>	<i>B-shares' financial statements audited by international CPAs have higher credibility and value-relevance than A-shares firms' financial statements audited by Chinese CPAs.</i>
<i>Four(a)</i>	<i>If the Chinese stock markets are segmented prior 2001, earnings response of the B of AB-shares should be greater than earnings response than the A of AB-shares within an AB-shares company.</i>
<i>Four(b)</i>	<i>If the Chinese stock markets are not segmented for the post 2001 period, there should be no difference in market's response to the A-share and B-share of an AB-shares company.</i>
<i>Five</i>	<i>The market's response to earnings based on IAS should be greater than earnings produced under Chinese GAAP for the period of 2001-2003.</i>

4. RESEARCH METHOD

4.1 INTRODUCTION

Chapter Three developed a theoretical link between corporate governance and company performance. Chapter Four describes the research method used to empirically test the propositions developed in Chapter Three.

Chapter Four proceeds as follows: Section 4.2 gives an overview of the research design. Section 4.3 describes the sample selection and data collection procedures. Section 4.4 describes the operationalisation method for the constructs used in the model. Section 4.5 presents the analysis procedures to be undertaken. Section 4.6 summarises the chapter.

4.2 OVERVIEW OF THE RESEARCH DESIGN

Proposition One presented in Chapter Three implies a relationship between ownership and firm performance. The remaining propositions argue for a series of relationships between corporate governance and the response by the market to a company's earnings. In this chapter, an event study methodology is developed to test these relationships. Event study methodologies have developed synchronously with theories of market efficiency (Brown and Warner, 1980). These methods identify non zero abnormal returns which persist after a particular event (in this case an earnings disclosure). The magnitude of these abnormal returns at the time of the event is consistent with the impact of the new information (Brown and Warner, 1980).

Abnormal returns are benchmarked against the expected return. Three models provide the expected-return measure - Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model. In this research, the design to test hypotheses uses the abnormal returns (CAR- Cumulative Average Residuals) to measure the impact of governance on the performance of shares. Because there exists a class of traded shares with key Western governance standards (the companies with both A-shares and B-shares), their CAR can be compared with a matched portfolio of companies with Chinese governance standards (companies with A-shares only).

The regression alternative to the traditional method of estimating abnormal returns was considered (Cable and Holland, 1999). Regression models rely on one of two factor models, CAPM or Three Factor Model of Fama and French (1996). Because of the sample size, the regression methods were not used.

Table 4-1 presents each proposition, a description of the experimental design, and the tests that support or reject the null hypotheses.

The strength of the Chinese market as a site for testing the effects of governance comes with complications. These complications are:

- a. The apparent segmentation of the Chinese market prior to 2001 whereby Chinese local investors could not purchase B-shares. This research tests the aggregate period 1999 to 2003 and two portions of 1999 to 2000, 2001 to 2003.
- b. The pricing anomaly identified by Mei et al.(2004) whereby B-shares trade at a significant discount to A-shares. The sample period of Mei et al.(2004) was 1993-2001.

Using an event study allows one to identify the unique impact of an earnings announcement after controlling for the effect of other valuables. As stated in Chapter Two, corporate governance factors should improve the reliability of accounting information, the event study combined with a matched pair design allows us to isolate differences in market return that may be attributable to governance.

Propositions One to Three use Hypothesis One to test the market response to earnings for the period of 1999 to 2003. Because of possible segmentation issues, Hypothesis One is tested for the periods post and pre2001. Hypothesis Two and Three test the market segmentation theory. Hypothesis four examines the relevance of international accounting standards.

TABLE 4-1: SUMMARY OF THE EXPERIMENTAL DESIGNS OF THE PROPOSITIONS

Proposition	Description	Experimental Design	Hypothesis - Test of Significance
<i>One</i>	<i>Due to a higher proportion of private shareholders, especially foreign shareholders, earnings response of the A of AB-shares should be greater than earning response of the A-shares.</i>	<i>Event study of abnormal returns of A and A of AB</i>	<i>Hypothesis One- H_o</i> $CAR_{A \text{ of } AB} \leq CAR_A$
<i>Two</i>	<i>The market reaction to earnings announcements by AB-shares firms will result in significantly greater positive returns relative to returns resulting from earnings announcements of A-shares firms.</i>	<i>Event study of abnormal returns of A and A of AB</i>	
<i>Three</i>	<i>B-shares' financial statements audited by international CPAs have higher credibility and value-relevance than A-shares firms' financial statements audited by Chinese CPAs.</i>	<i>Event study of abnormal returns of A and A of AB</i>	
<i>Four(a)</i>	<i>If the Chinese stock markets are segmented prior 2001, earnings response of the B of AB-shares should be greater than earnings response than the A of AB-shares within an AB-shares company.</i>	<i>Event study of abnormal returns of A of AB and B of AB</i>	<i>Hypothesis Two- H_o</i> $CAR_{B \text{ of } AB} \leq CAR_{A \text{ of } AB}$
<i>Four(b)</i>	<i>If the Chinese stock markets are not segmented for the post 2001 period, there should be no difference in market's response to the A-share and the B-share of an AB shares company.</i>	<i>Event study of abnormal returns of A, A of AB and B of AB</i>	<i>Hypothesis Three- H_o</i> $CAR_{A \text{ of } AB} = CAR_{B \text{ of } AB}$
<i>Five</i>	<i>The market response to earnings based on IAS should be greater than earnings produced under Chinese GAAP for the period of 2001-2003.</i>	<i>Event study of abnormal returns of A of AB and B of AB</i>	<i>Hypothesis Four- H_o</i> $CAR_{B \text{ of } AB} \leq CAR_{A \text{ of } AB}$

4.3 SAMPLE AND DATA COLLECTION PROCEDURES

The study covers the reporting period from 1st of January 1999 to 31st December 2003. In February 2001 the Chinese government relaxed the restriction on local ownership of B-shares. Data was collected pre the change from 1999 to 2000 and post the change from 2001 to 2003. As stated in Chapter 3, the embargo on the purchase of B-shares by local citizens may have prevented the arbitrage opportunities between the two classes of shares. The relaxation of the purchase rules from 2001 provided an arbitrage opportunity that should equalise the earnings reactions of both classes of share.

As stated in Chapter One, the People of Republic China has two mainland stock exchanges, Shanghai (SHSE) and Shenzhen (SZSE). Table 4-2 presents a summary of Chinese listed companies in Shanghai Exchange (SHSE) and Shenzhen Exchange (SZSE). By the end of December 2003, the number of listed companies in SHSE was 824 (770 A-shares, 54 B-shares, including 10 pure B-share companies) and in SZSE was 548 (491 A-shares, 57 B-shares, including 14 pure B-share companies).

TABLE 4-2: SUMMARY OF LISTED COMPANIES IN SHSE AND SZSE

Year	1999	2000	2001	2002	2003
No. of listed firms - SHSE					
B-share of AB-shares	41	42	44	44	44
B-share only	13	13	10	10	10
Total AB Sample	64	55	54	54	54
A-share	471	559	636	705	770
Total Shares	525	614	690	759	824
No. of listed firms - SZSE					
B-share of AB-shares	41	44	44	43	43
B-share only	13	15	14	14	14
Total AB Sample	54	59	58	57	57
A-share	450	499	494	494	491
Total Shares	504	558	552	551	548
Total B - share of AB-shares	82	86	88	87	87
Total B - share only	26	28	24	24	24
Total A - share only	921	1058	1130	1199	1261
SHSE & SZSE Total	1,029	1,172	1,242	1,310	1,372

Source: Shanghai Stock Exchange, Shenzhen Stock Exchange & China Securities Market Investment Yearbook 2005.

The number of A-shares listed companies has grown steadily over the test period while the number of B-shares has declined slightly.

4.3.1 MATCHING CRITERIA

The sample covered companies from manufacturing, commercial, telecommunication, banking, transportation, public utilities, and other industrial sectors. Appendix 1 provides the list of selected companies from SZSE and SHSE.

The securities were selected from the population of all AB-share securities of SHSE and SZSE, for which daily return data was available. In addition two A-share securities were also selected. Thirteen firms issuing only B-shares or with incomplete data were excluded. To be included in the sample securities must have traded for at least one year.

The A of AB-shares included in the sample was made on the following criteria:

1. The company was listed for the full year for the test year;
2. The company had available price data for the test year and the preceding year to enable residuals to be estimated for the event study;
3. The company had available accounting and share price data;
4. The company earnings announcement date could be reliably verified.

Two A-shares were selected to match each AB-shares company providing a control comparison between A and B shares. The control sample was matched on:

- Industry
- Total assets
- Number of shares

While matching on the number of shares is not a normal practice, we found it useful in limiting the potential heteroscedasticity problems in the data-analysis phase.

An Access database was constructed for the share price and accounting data. The program enabled the researcher to define the firm characteristics on which the A firms would be matched. Figure 4-1 shows the database interface. Figure 4-2 shows the interface of the database program for the matching sample for a selected AB-company. While the original database design allowed for matching on total liabilities as well as

industry, total assets and the number of shares, the inclusion of total liabilities limited the company selection.

FIGURE 4-1: ACCESS DATABASE OF CHINESE COMPANY DATA

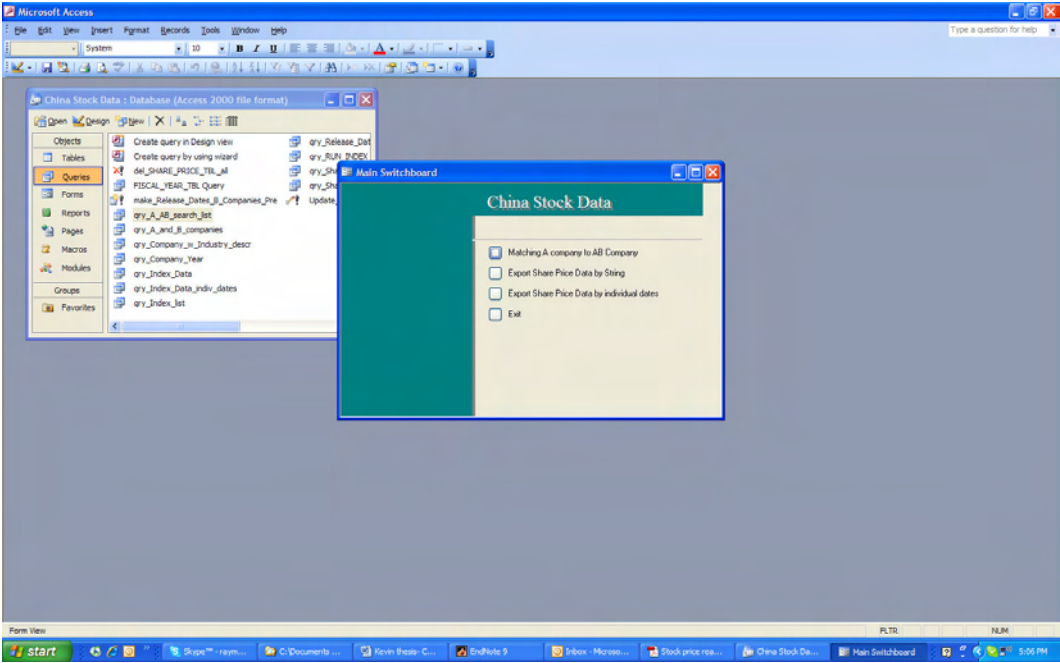


FIGURE 4-2: SAMPLE SELECTION EXAMPLE

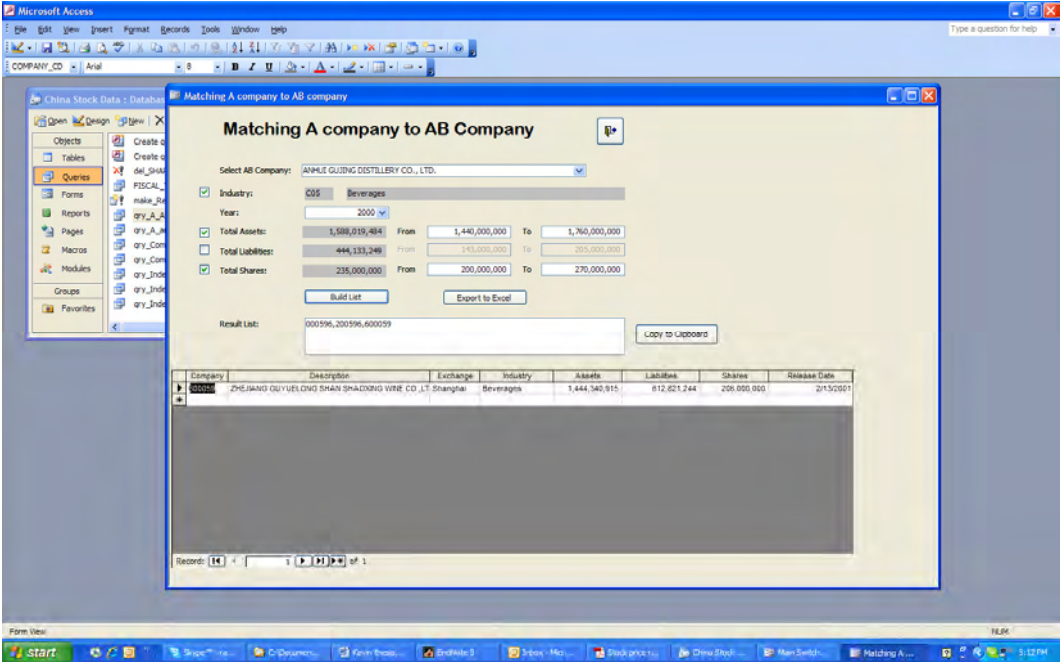


Table 4-3 reconciles the sample selection with the total AB-companies trading during the test period.

TABLE 4-3: SUMMARY OF SELECTED SAMPLE FIRMS

Year	1999	2000	2001	2002	2003	TOTAL
SHSE						
B-share of AB-shares	41	42	44	44	44	
Less new listings past cut off	7	6	7	6	7	
B-share sample	34	36	37	38	37	
A-share of AB-shares (less new listings)	34	36	37	38	37	
A-share only	430	517	592	661	726	
Less firms not in industry	269	356	379	407	474	
Less firms with assets outside range	58	62	86	91	119	
Less firms with shares outside range	35	27	53	87	59	
A-share paired sample	68	72	74	76	74	
Total Sample	136	144	148	152	148	
SZSE						
B-share of AB-shares	41	44	44	43	43	
Less new listings past cut off	7	10	7	6	5	
B-share sample	34	34	37	37	38	
A-share of AB-shares (less new listings)	34	34	37	37	38	
A-share only	411	457	456	452	450	
Less firms not in industry	283	304	306	305	300	
Less firms with assets outside range	36	48	42	43	42	
Less firms with shares outside range	24	37	34	30	32	
A-share paired sample	68	68	74	74	76	
Total Sample	136	136	148	148	152	
SHSE & SZSE Total Sample	272	280	296	300	300	1448

Daily stock price, volume data and market indices were provided by the two stock exchanges and reconciled with the China Stock Market and Accounting Research (CSMAR) database¹⁶. Accounting, dates of announcements and other related company data were collected from the annual reports, the financial newspapers, the yearbooks of the two exchanges, and the CSMAR database.

¹⁶ CSMAR database was jointly developed by the China Accounting and Finance Research Centre of Hong Kong Polytechnic University and the Shenzhen GTA Information Technology Co. Ltd.

In terms of data accuracy check, the data of the firms from the CSMAR Database was compared to the corresponding figures in the financial statements of the same companies published in the designated national newspapers such as Shanghai Securities News, China Securities Journal, Securities Times and Securities Daily. No systematic discrepancy was found in the data collected from these separate sources.

4.4 EVENT STUDY

This application of the event study's methodology is motivated by developments in both research and practice on the valuation effects of accounting information releases. Numerous studies find evidence of the informational content of earnings announcements among U.S. markets and a number of non-U.S. markets (Ball and Brown, 1968, Brown and Warner, 1985, Klein and Rosenfeld, 1987, Ball and Kothari, 1991, Corrado and Zivney, 1992, Campbell and Wesley, 1993, Atiase and Bamber, 1994, Cable and Holland, 1999, Kothari and Warner, 2004, Aktas et al., 2007).

In addition, there are an increasing number of researchers investigating the Chinese markets. (Ma, 1996, Chakravarty et al., 1998, Haw et al., 1999, Haw et al., 2000, Sun and Tong, 2000, Chen et al., 2001, Su, 2003, Sun and Tong, 2003, Gao and Tse, 2004, Wang et al., 2004, Zhang and Zhao, 2004, Chelley-Steeley et al., 2005, Chen et al., 2005, Beveridge, 2006, Li et al., 2006).

In addition, an event study methodology helps control for some idiosyncratic aspects of the Chinese Markets. Specifically, A-shares in an AB-share company trade at prices significantly higher than those of their B-share counterpart (Chen et al., 2001, Mei et al., 2004, Li et al., 2006). While in the pre 2001 market this may have been caused by a lack of liquidity in the B-share market, the abnormality still exists post 2001 when Chinese nationals with foreign currency could purchase B-shares. Arbitrage opportunities for Chinese traders should result in the difference being traded away. Some research suggests that this anomaly is a function of political risk (Hooper and Heaney, 2000, Mei et al., 2004, Zhang and Zhao, 2004, Chen et al., 2006). This explanation is less than satisfactory if one assumes that at a minimum, there is a weak-form-efficient market. Prior to 2001, foreign investors could have diversified away

political risk. Post 2001 the same argument applies to foreign investors and Chinese domestic investors would perceive the political risks as the same between AB-shares in the same company.

Another explanation is that the difference is the result of the undervaluing of the RMB exchange rate. This proposition is yet to be fully tested. As a result of the difference in the values between AB-shares, any test of the Ohlson (1995) or Easton and Harris (1991) that do not control for the “unknown” variable may mask the effect of corporate governance variables. The event study enables one to identify the unique impact of an earnings announcement after controlling for the effect of other variables. As Chapter Two argues that corporate governance factors should improve the reliability of accounting information, the event study combined with a matched pair design allows us to isolate differences in market return that may be attributable to governance.

This study extends prior research to the Chinese stock markets by testing whether the market reaction to earnings announcements of AB-shares firms will result in significantly greater returns than those of A-shares firms. This reaction may not be evident if segmentation exists in the Chinese stock markets. If Chinese stock markets are not segmented, the market’s response to an A-share company’s announcement will be less than the response to an equivalent announcement of an A-share of AB-shares company because of the differences in corporate governance. For a B-share announcement, there should be no difference in the response to the A-share and B-share of an AB-shares company.

To test whether the Chinese markets react differently due to the relaxation of restrictions on purchase of B-shares by domestic investors in 2001, the sample is divided into two testing periods, pre 2001 and post2001.

Further, to differentiate the market’s reaction to different information, the sample for each sub-period is classified into two groups based on the outcome of the event. An announcement belongs to Group I if the outcome of the event is “good news” (actual EPS exceeds last EPS). It belongs to Group II if the outcome of the event is “bad news” (actual EPS is equal to or less than last EPS) (Su, 2003, Gao and Tse, 2004).

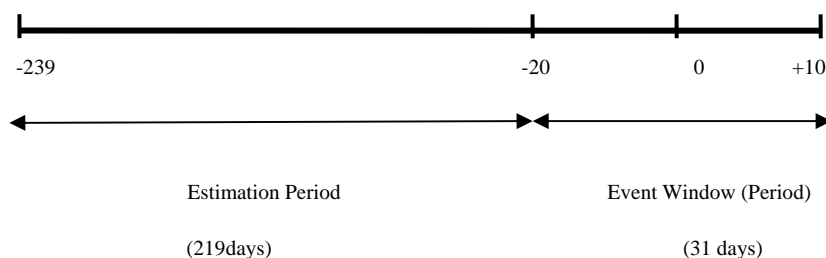
In theory, good news announcement or bad news announcement should be based on the firm's performance relative to the market's expected performance. Traditionally analyst's forecasts are the surrogate used for expected-market performance. However, earnings forecast reports were not available for the test period (Eng and Mak, 2003, Su, 2003, Gao and Tse, 2004, Zhou, 2007). For this research, the prior-quarter profit result was used as the surrogate for market expectations. Where a firm outperformed its prior quarter earnings per share, it was classified as "good news". An EPS lower than or equal to prior quarter classified the firm as "bad news".

4.4.1 ABNORMAL RETURN

This study uses three different return-generating models (RGM), Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model to examine the abnormal stock returns (Brown and Warner, 1985). The earnings announcement day is selected as the predictable event day for accessing the abnormal stock returns. If the market is efficient, stock prices should reflect all potential changes in the event outcomes (Su, 2003).

The event date is designated $t = 0$. That is, the announcement date on the day of the annual earnings announcement for a given security. For each security we use a maximum of 250 daily return observations for the period around its respective event, starting at day - 239 and ending at day + 10 relative to the event. The first 219 days in this period (- 239 through - 21) is designated the 'estimation period', and the following 31 days (- 20 through + 10) is designated the 'event period'.

FIGURE 4-3: EVENT TESTING PERIOD



Let R_{it} denote the return for security i at day t . Define A_{it} as the excess return for security i at day t . The daily excess return in the event window is estimated using the following three models. The method for calculating A_{it} for each of these models follows.¹⁷

(1) OLS Market Model

$$A_{i,t} = R_{i,t} - \hat{\alpha}_i - \hat{\beta}_i R_{m,t} \quad [4-1]$$

where $R_{m,t}$ is the return of the index at day t ;

$\hat{\alpha}_i$ is zero variance, a constant times a random variable

$\hat{\beta}_i$ is the portion of the return on the asset which varies with the market returns

$\hat{\alpha}_i$ and $\hat{\beta}_i$, are OLS values from the estimation period, α_i and β_i , are constants representing Jensen's (1968) alpha (abnormal return) and the CAPM relative risk on event-day (Ball and Kothari, 1991).

The regression slope estimates the pooled cross-sectional average relative risk $\hat{\beta}_i$, on event-day. As the sample firms do not have identical betas, the ordinary least squares (OLS) estimate of $\hat{\beta}_i$ is unbiased and consistent.

¹⁷ Two approaches are available for estimating the parameters for the CAPM. Each derives from the traditional CAPM formula (Ball & Brown, 1968, Brown and Warner, 1980). The excess returns model is as follows.

$$E(R_i) = R_{pt} + \beta_i (R_m - R_p) = E(R_i) - R_p - \beta_i (R_m - R_p)$$

Empirically this become

$$Y = \alpha + \beta(R_m - R_p) + \varepsilon_i$$

Because of a market determined risk free rate, the excess returns model cannot be used in China (Mei, 2004). Accordingly the empirically model for the estimate of the parameters is:

$$R_i = \alpha_i + \beta_i R_m + \varepsilon_i$$

(2) Market-Adjusted Returns Model

$$A_{i,t} = R_{i,t} - R_{m,t} \quad [4-2]$$

where $R_{m,t}$ is the market index return for day t .

(3) Mean-Adjusted Returns Model

$$A_{i,t} = R_{i,t} - \bar{R}_i \quad [4-3]$$

Where \bar{R}_i is the simple average of security i daily returns in the estimation period.

The index return in each segmented stock market is used to proxy the market return. The returns of the Shanghai A-share stock index and Shenzhen A-share stock index are used to represent the market returns of the Shanghai A-share, the Shanghai B-share, the Shenzhen A-share, and the Shenzhen B-share markets, respectively. These indices are all value weighted.

4.4.2 TEST OF STATISTICAL SIGNIFICANCE

In the event study literature, the null hypothesis to be tested is whether the mean abnormal return (the average residual, AR) at time t is equal to zero. The focus on the mean of the distribution of abnormal returns is to understand whether the event is, on average, associated with a change in security holder wealth (Brown and Warner, 1980, Brown and Warner, 1985, Ball and Kothari, 1991, Kothari and Warner, 2004).

The parametric tests proposed in the literature rely on the important assumption that individual firm's abnormal returns are normally distributed and cross-sectionally uncorrelated. This assumption is valid when the event day is not common to the firms. Even in the case when the event day is common, the cross-sectional residual correlation may not be reduced if the firms are not from the same industry (Kolari and Pynnonen, 2005).

The traditional approach to account for correlation between returns is the so-called portfolio method introduced by Jaffe (1974), in which the firm returns are aggregated in an equally-weighted portfolio and the abnormal returns of the portfolio are investigated. While the portfolio method captures the contemporaneous dependency between the returns, it is generally sub-optimal because of the contemporaneous correlation problem (Kolari and Pynnonen, 2005).

There have been several other attempts in the literature to solve the contemporaneous correlation problem. The Generalised Least Squares (GLS) is known to be optimal under certain assumptions, but it requires accurate estimation of the covariance matrix of the returns, which is not always possible, particularly if the number of firms is larger than the number of time points in the estimation period (Kothari and Warner, 2005). In addition, the cost of estimating the large number of covariance parameters needed in GLS has been found to introduce even more inaccuracy into the standard errors than it eliminates, thereby making the test results even worse (Malatesta, 1986). Chandra and Balachandran (1990) suggest that GLS should be avoided in event studies because it is highly sensitive to model mis-specification and the correct model specification is rarely known for certain.

In this study, abnormal returns are tested for statistical significance using both parametric and non-parametric tests. The performance of a portfolio method statistic, T_1 , is compared with two alternative tests: Cross-sectional independence, T_2 , and Corrado and Ziverny (1992) Sign test, T_3 .

4.4.2.1 PARAMETRIC TESTS

Two parametric tests exam whether the mean abnormal return is significantly different from zero. The first test is the portfolio method statistic, T_1 , computed as follows:

The test statistic is the ratio of the day '0' mean abnormal return to its estimated standard deviation. The standard deviation is computed from the estimation period which is -239 day through -21 day in this study. The test statistic for any event day t (in this case $t = 0$) is computed as:

$$T_1 = \bar{A}_t / \hat{S}(\bar{A}_t) \quad [4-4]$$

The daily average abnormal return of all the securities in the N events, namely, \bar{A}_t , is calculated as:

$$\bar{A}_t = \frac{1}{N} \sum_{i=1}^N A_{it} \quad [4-5]$$

where $\hat{S}(\bar{A}_t)$ is the standard deviation of the excess return in the estimation window defined as:

$$\hat{S}(\bar{A}_t) = \sqrt{\left(\sum_{t=-239}^{t=-21} (\bar{A}_t - \bar{\bar{A}})^2 \right) / 218} \quad [4-6]$$

$$\bar{\bar{A}} = \frac{1}{219} \sum_{t=-239}^{t=-21} \bar{A}_t, \quad [4-7]$$

The second test is the cross-sectional method t -statistic, T_2 , assuming that the residuals are not correlated across securities. The abnormal return of each stock is weighted separated by its standard error in the estimated period. Let AR_{jt} represent the abnormal return of security j on day t . Each abnormal return is standardised by its estimated period standard deviation (Sd_j), resulting in a standardised abnormal return (SE_{jt}):

$$SE_{jt} = AR_{jt} / Sd_j \quad [4-8]$$

where Sd_j is computed as:

$$Sd_j = \sqrt{\frac{\sum_1^T (AR_{jt})^2}{T-1}} \quad [4-9]$$

and T is the number of non-missing returns in the calendar period -239 to -20 days prior to event day 0 (the estimated period).

Standardised errors are comparable in terms of significance and each has an expected mean of zero and standard deviation of close to one. The more volatile the stock, the larger abnormal return has to be to reach a given level of significance. The average standardised error ($\overline{SE_{jt}}$) for time t has, applying the Central Limit Theorem, a standard deviation of $sd(SE)/\sqrt{N}$, where $sd(SE)$ is the standard deviation of the SEs. But as this equals one, the test statistic, T_2 on day t is computed by:

$$T_2 = \frac{1}{\sqrt{N}} \sum_{j=1}^N SE_{jt} \quad [4-10]$$

where N is the number of stocks in the sample portfolio.

The cross-sectional *t*-statistic explicitly accounts for heteroscedasticity in the abnormal returns and is a powerful test particularly when the variance of market model errors varies considerably from stock to stock (Boehmer et al., 1991). When the cross-sectional independence assumption is valid this test is well specified and has more power than the first test (Brown and Warner, 1985).

4.4.2.2 NON-PARAMETRIC TEST

Previous studies have shown that abnormal returns distributions show fat tails and are right skewed. Parametric tests reject frequently when testing for positive abnormal performance and too seldom when testing for negative abnormal performance. When the assumption of normality of abnormal returns is violated, parametric tests are not well specified ¹⁸ (Kothari and Warner, 1997).

¹⁸ Although Brown and Warner (1985) find departures from normality in daily cross-sectional mean abnormal returns, they indicate that standard parametric tests for significance of the mean abnormal return are well-specified. Kothair and Warner (1997) demonstrate positive abnormal performance when none is present although they recognise survival-related bias imposed by their data requirements inherent in any matched-portfolio techniques. They argue that non-parametric tests reduce misspecification in such circumstances.

To overcome the possible problems with the parametric tests, abnormal returns are also tested with non-parametric tests as specified by Corrado and Zivney (1992).

In the Corrado and Zivney (1992) sign test, the sign allocated to an abnormal return is determined by its difference from the stock's time series median abnormal return, rather than from zero, so should be better specified than the traditional sign test in the presence of positively skewed excess returns. Simulations suggest that this revised sign test is better specified and of similar power to the t-test using the stock time series method (Corrado and Zivney, 1992).

In this study, using a 250-day sample period surrounding the announcement date for each stock comprising days -239 through +10, the sign of the abnormal return of each stock for each day is computed as:

$$G_{jt} = \text{sign} [AR_{jt} - \text{median} (AR_{jt})], t = -239 \text{ day to } +10 \text{ day}$$

Where G_{jt} is equal to +1, -1, or 0 as $(AR_{jt} - \text{median } AR_{jt})$ is positive, negative, or zero, respectively.

From the signs, the event day test statistics is calculated:

$$\text{Sign test } (T_3) = \frac{1}{\sqrt{N}} \sum_{j=1}^N G_{j0} / sd_G \quad [4-11]$$

The standard deviation sd_G is computed over the sample period

$$sd_G = \sqrt{\frac{1}{C} \sum_{t=-239}^{+10} \left(\frac{1}{\sqrt{N}} \sum_{j=1}^{N_t} G_{jt} \right)^2} \quad [4-12]$$

Where N_t is the number of non missing returns in the cross-section of N-firms on day t, and C is the count for the number of trades in the sample period.

4.4.2.3 TESTS OVER MULTI-DAY INTERVALS

For tests over the (-20, +10) interval, the test statistic is the ratio of the cumulative mean abnormal returns (CARs) to the estimated standard deviation, and is given where the terms in the denominator are from equation [4-6]. CARs method tests the null hypothesis that abnormal performance is equal to zero. The null hypothesis is rejected if the test statistic exceeds a critical value, typically corresponding to the 5% region (Fama et al., 1969, Brown and Warner, 1985).

The cumulative abnormal returns (CARs) for each stock i , CAR_i , are formed by summing average A_i over time as follows:

$$CAR_{i,K,L} = \sum_{t=K}^L A_{i,t} \quad [4-13]$$

where the $CAR_{i,K,L}$ is for the period from $t=\text{day } K$ until $t=\text{day } L$.

The test statistic for CARs of any event day is computed as:

$$t \text{ CAR}_{K,L} = \frac{CAR_{K,L}}{\hat{S}(A_i)} \quad [4-14]$$

4.4.3 HYPOTHESES

As stated in Section 3.3 of Chapter Three, the differences in the governance structure between A-shares firms and A of AB-shares firms are board independence, accounting standards, audit quality and ownership of stocks and a better governance structure is expected to have a positive effect on the market's response to earnings. Hypothesis One examines the impact of governance structure on the market's response to an earnings announcement.

Due to the regulation changed in 2001, domestic Chinese are allowed to invest in B-shares with foreign currency. However, the differences in the governance structure between A-shares firms and A of AB-shares firms remained unchanged. Therefore the governance structure should have the same effect for the pre and post 2001 periods. Hypothesis One also tests whether the governance structure have the same effect for the pre and post 2001 periods.

As discussed in Section 3.3.4.1 of Chapter Three, McKinsey's findings indicate that on emerging markets, 80% of institutional investors and private equities are willing to pay a premium to well-governed firms. If this governance argument holds, the A-shares price premiums can be interpreted that Chinese investors view Chinese governance standards as better standards when compared to Western governance standards, and the A-shares market views earnings announcements as more reliable than the B-shares market. Hypothesis Two examines the governance argument and tests whether the A-shares market views earnings announcements is more reliable than does the B-shares market for the pre 2001.

Post 2001, domestic Chinese with foreign currency being able to invest in B-shares, the market segmentation should cease. If Chinese stock markets are not segmented, there should not be any difference in the response to the A-share and B-share of an AB-shares company. Hypothesis Three examines whether the Chinese market are not segmented for the post 2001.

Hypothesis Four tests whether investors react differently to earning announcements based on IAS and earnings announcements based on Chinese GAAP. The basis of this test rests with the nature of the disclosures. Financial statements are presented in a fashion similar to that of dual companies accounts prepared under international accounting standards are reconciled to the results using Chinese accounting standards. When the announcement of an AB-shares company occurs, the newspapers carry the Chinese profit number. If the A and B of the AB-shares operate in a segmented market, we would expect significant differences in the CARs.

Details of all Hypotheses are summarised as follows.

TABLE 4-4: HYPOTHESIS ONE

Hypothesis 1A: In the Shanghai market, due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an A-share only company.	
H1A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$	H1A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$
Hypothesis 1B: In the Shenzhen market, due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an A-share only company.	
H1B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$	H1B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$
Hypothesis 1C: In the Shanghai market, due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an A-share only company.	
H1C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$	H1C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$
Hypothesis 1D: In the Shenzhen market, due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an A-share only company.	
H1D₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$	H1D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$

<p>Hypothesis 1E: In the Shanghai market, due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an A-share only company for the post 2001 period.</p>	
<p>H1E₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$</p>	<p>H1E₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$</p>
<p>Hypothesis 1F: In the Shenzhen market, due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an A-share only company for the post 2001 period.</p>	
<p>H1F₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$</p>	<p>H1F₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$</p>
<p>Hypothesis 1G: In the Shanghai market, due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an A-share only company for the post 2001 period.</p>	
<p>H1G₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$</p>	<p>H1G₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$</p>
<p>Hypothesis 1H: In the Shenzhen market, due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an A-share only company for the post 2001 period.</p>	
<p>H1H₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$</p>	<p>H1H₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$</p>

TABLE 4-5: HYPOTHESIS TWO

Hypothesis 2A: In the Shanghai market, if the Chinese stock markets are segmented prior 2001, the earnings response to a good news announcement of the B-share of AB-shares should be greater than the earnings response to a good news announcement of the A-share of AB-shares within an AB-shares company.	
H2A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	H2A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$
Hypothesis 2B: In the Shenzhen market, if the Chinese stock markets are segmented prior 2001, the earnings response to a good news announcement of the B-share of AB-shares should be greater than the earnings response to a good news announcement of the A-share of AB-shares within an AB-shares company.	
H2B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	H2B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$
Hypothesis 2C: In the Shanghai market, if the Chinese stock markets are segmented prior 2001, the earnings response to a bad news announcement of the B-share of AB-shares should be greater than the earnings response to a bad news announcement of the A-share of AB-shares within an AB-shares company.	
H2C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	H2C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$
Hypothesis 2D: In the Shenzhen market , if the Chinese stock markets are segmented prior 2001, the earnings response to a bad news announcement of the B-share of AB-shares should be greater than the earnings response to a bad news announcement of the A-share of AB-shares within an AB-shares company.	
H2D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	H2D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$

TABLE 4-6: HYPOTHESIS THREE

Hypothesis 3A: In the Shanghai market, if the Chinese stock markets are segmented for the post 2001 period, the earnings response to a good news announcement of the A-share of an AB-shares company should be different to the earnings response to a good news announcement of the B-share of an AB shares company.	
H3A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} = CAR_{good\ news,\ B\ of\ AB,\ SHSE}$	H3A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SHSE}$
Hypothesis 3B: In the Shenzhen market, if the Chinese stock markets are segmented for the post 2001 period, the earnings response to a good news announcement of the A-share of an AB-shares company should be different to the earnings response to a good news announcement of the B-share of an AB shares company.	
H3B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} = CAR_{good\ news,\ B\ of\ AB,\ SZSE}$	H3B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SZSE}$
Hypothesis 3C: In the Shanghai market, if the Chinese stock markets are segmented for the post 2001period, the earnings response to a bad news announcement of the A-share of an AB-shares company should be different to the earnings response to a bad news announcement of the B-share of an AB shares company.	
H3C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} = CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$	H3C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$
Hypothesis 3D: In the Shenzhen market, if the Chinese stock markets are segmented for the post 2001period, the earnings response to a bad news announcement of the A-share of an AB-shares company should be different to the earnings response to a bad news announcement of the B-share of an AB shares company.	
H3D₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} = CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$	H3D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$

TABLE 4-7: HYPOTHESIS FOUR

Hypothesis 4A: In the Shanghai market, the earnings response to a good news announcement of the B-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an AB-shares company for the period of 2001 to 2003.	
H4A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	H4A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$
Hypothesis 4B: In the Shenzhen market, the earnings response to a good news announcement of the B-share of an AB-shares company should be greater than the earnings response to a good news announcement of the A-share of an AB-shares company for the period of 2001 to 2003.	
H4B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	H4B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$
Hypothesis 4C: In the Shanghai market, the earnings response to a bad news announcement of the B-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an AB-shares company for the period of 2001 to 2003.	
H4C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	H4C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$
Hypothesis 4D: In the Shenzhen market, the earnings response to a bad news announcement of the B-share of an AB-shares company should be greater than the earnings response to a bad news announcement of the A-share of an AB-shares company for the period of 2001 to 2003.	
H4D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	H4D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$

4.5 CONSTRUCTS OF EVENT STUDY

4.5.1 OPERATIONALISATION OF THE DEPENDENT CONSTRUCT

An event study typically tries to examine return behaviour for a sample of firms experiencing a common type of event such as earnings announcements. This study uses the event study methodology to examine market reaction to earnings announcements in the Chinese stock markets. The cumulative residual is defined as the dependent variable, as it is a direct measure of the (unexpected) change in shareholder wealth associated with the event.

4.5.2 INDEPENDENT CONSTRUCTS

Stock return and market return are defined as the independent variables. The index return in each segmented stock market is used to proxy the market return. The returns of the Shanghai A-share stock index and Shenzhen A-share stock index are used to represent the market returns of the Shanghai A-share, the Shanghai B-share, the Shenzhen A-share, and the Shenzhen B-share markets, respectively. These indices are all value weighted (Su, 2003, Gao and Tse, 2004, Chen et al., 2005).

A firm's daily return is measured by the change in a shareholder's wealth from day to day after taking into account all changes in the share ownership and cash flows from or to the shareholder. The number of shares held in a company may increase as the result of a rights, bonus, or split. Shareholders may contribute additional capital as the result of a rights issue or a call on partially paid shares. Shareholders may receive cash flows as a result of a dividend payment or return on capital. As the dividend, bonus and rights issue are part of the returns accruing to the shareholder, it is necessary to adjust the return on their ex-date. The adjustment for dividends is done by adding the dividend amount to P_t at the [Equation 4-16] (Bellamy, 1998, Pahor and Mramor, 2001).

The market return and the return on stock can be computed as follows.

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}} \times 100 \quad [4-15]$$

For dividend, bonus or rights adjustment, the return can be computed as follows.

$$R_t = \frac{(P_t + A_t + D_{e,t}) - P_{t-1}}{P_{t-1}} \times 100 \quad [4-16]$$

Where

R_t = the stock return in period t

P_t = the stock price in period t

P_{t-1} = the cum-day price. This is usually also the stock price in period $t-1$

$D_{e,t}$ = dividend at ex-date

A_t = the adjustment for capitalization changes due such as bonus or rights

For bonus issue adjustment, A_t can be restated as the follows.

$$A_t = \frac{A}{B} (P_{ex}) \quad [4-17]$$

Where

$\frac{A}{B}$ is the allocation ratio and P_{ex} is the closing price of share on the ex-date.

For rights adjustment, A_t can be restated as the follows.

$$A_t = \frac{A}{B} (P_{ex} - SUB) \quad [4-18]$$

where

$\frac{A}{B}$ is the allocation ratio, the number of new shares that shareholder is entitled to for every old share held.

P_{ex} is the closing price of share on the ex-date

SUB is the subscription price for right issues.

These adjustments provided the returns data set used in this research.

4.6 ANALYSIS PROCEDURES

4.6.1 PRELIMINARY ANALYSIS

Preliminary analysis starts with data collection and sample selection. The two sub-samples are drawn from SHSE and SZSE stock exchanges. The securities are selected from the population of all AB-share securities of SHSE and SZSE and two of their counterpart A securities are also selected for analytical and comparative purpose.

Several criteria are used to screen the data, such as, the selected stocks should be traded in the market for at least one year to permit the calculation of stock returns.

The calculation of market returns, stock returns, abnormal returns, cumulative residuals and T-statistic are based on the following steps.

- (a) Adjustment of the stock returns on the ex-date are made for dividend, bonus and rights issue.
- (b) Designation of event estimation period and event window in accordance with Figure 4-3.
- (c) Computation of market returns and stock returns.
- (d) Computation of market average returns and stock average returns for the event estimation period.
- (e) Estimation of $\hat{\alpha}$ and $\hat{\beta}$, the OLS values from the estimation period.
- (f) Calculation of abnormal stock returns by applying three different return-generating models (RGM), Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model.
- (g) Computation of cumulative residuals of each selected stock for the event window.
- (h) The standard deviation of the average abnormal returns during (-239 day through -21 day) the estimation period is calculated.
- (i) The test statistic for CAR of any event day is computed.

4.6.2 TESTS OF HYPOTHESES

Three return-generating models (RGM), Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model are used to examine the abnormal stock returns in this study. Hypotheses are tested using the cumulative residuals generated from these three models.

4.7 SUMMARY

This Chapter discussed sample selection, data collection procedures, and analysis procedures. The study covered the reporting period from 1st of January 1999 to 31st December 2003. Three different return-generating models (RGM), Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model, were applied to examine the abnormal stock returns.

The hypotheses were developed from the propositions in conjunction with the discussion of the analysis procedures. Hypothesis One examines the impact of governance structure on market's response to an earnings announcement. Hypothesis One also tests whether the governance structure have the same effect during the pre and post 2001 periods. Due to the governance arguments discussed in Section 3.3.4.1, Hypothesis Two tests whether the A-shares market views earnings announcements as more reliable than the B-shares market for the pre 2001 period. Hypothesis Three examines whether market segmentation cease to exist for the post 2001 period and tests whether there is no difference on market's response to the A-share and B-share of an AB-shares company. Hypothesis Four tests whether investors react differently to earning announcements based on IAS and earnings announcements based on Chinese GAAP.

Table 4-8 provides a summary of hypotheses.

TABLE 4-8: SUMMARY OF HYPOTHESES

<p>Hypothesis One: Due to a better governance structure in an AB-shares company, the earnings response of the A-share of an AB-shares company should be greater than the earnings response of the A-share of an A-share only company.</p>	<p>H1₀: $CAR_{A \text{ of } AB} \leq CAR_A$</p> <p>H1₁: $CAR_{A \text{ of } AB} > CAR_A$</p>	<p>Equation (4-14)</p>
<p>Hypothesis Two: If the Chinese stock markets are segmented prior 2001, the earnings response of the B-share of AB-shares should be greater than the earnings response of the A-share of AB-shares within an AB-shares company.</p>	<p>H2₀: $CAR_{B \text{ of } AB} \leq CAR_{A \text{ of } AB}$</p> <p>H2₁: $CAR_{B \text{ of } AB} > CAR_{A \text{ of } AB}$</p>	<p>Equation (4-14)</p>
<p>Hypothesis Three: If the Chinese stock markets are segmented for the post 2001, the earnings response of the A-share of an AB-shares company should be different to the earnings response of the B-share of an AB shares company.</p>	<p>H3₀: $CAR_{A \text{ of } AB} = CAR_{B \text{ of } AB}$</p> <p>H3₁: $CAR_{A \text{ of } AB} \neq CAR_{B \text{ of } AB}$</p>	<p>Equation (4-14)</p>
<p>Hypothesis Four: The earnings response of the B-share of an AB-shares company should be greater than the earnings response of the A-share of an AB-shares company for the period of 2001 to 2003.</p>	<p>H4₀: $CAR_{B \text{ of } AB} \leq CAR_{A \text{ of } AB}$</p> <p>H4₁: $CAR_{B \text{ of } AB} > CAR_{A \text{ of } AB}$</p>	<p>Equation (4-14)</p>

5. ANALYSIS AND RESULTS

5.1 INTRODUCTION

In this chapter, the results of the data analysis from the research methods described in Chapter Four are presented. Section 5.2 provides descriptive statistics, Section 5.3 presents the results of the hypotheses and Section 5.4 discusses sensitivity analysis. The summary of the findings is presented in Section 5.5.

5.2 DESCRIPTIVE STATISTICS

Descriptive statistics were generated for the samples used for each of the hypotheses to be tested. Stock price, PE ratio, earnings per share, total asset, total liabilities and number of shares issued were collected and analysed. The details are presented as follows.

TABLE 5-1: AVERAGE STOCK PRICES FOR A, A OF AB AND B SAMPLE

Sample Stock Price (RMB)						
Type of Shares	1999	2000	2001	2002	2003	Total N
Shanghai A	16.44	16.11	11.46	9.24	8.54	224
Shanghai A of AB	13.63	16.19	12.93	11.10	9.45	112
Shanghai B of AB	1.91	7.48	6.81	5.51	5.01	70
Shenzhen A	13.31	13.64	10.14	8.52	8.28	224
Shenzhen A of AB	12.97	14.21	11.66	9.76	9.82	112
Shenzhen B of AB	4.10	7.31	5.75	4.69	6.20	180

Table 5-1 shows that B-share prices increased significantly in both Shanghai and Shenzhen markets in 2000. This phenomenon could be the expectation of the relaxation of restrictions on the purchase of B-shares by domestic investors effective from February 2001. However the regulation change in 2001 did not eliminate the A-shares price premiums. But it reduced from a level around 80% to 50% in both Shanghai and Shenzhen markets. From Table 5-1, it can be seen that the A-shares price premiums have remained at a level around 50% for both Shanghai and Shenzhen markets. This finding is consistent with the finding of Mei et al.(2004). The implication of this finding

suggests that the Chinese markets may have remained segmented after the regulation change in 2001.

TABLE 5-2: SAMPLE PE RATIO

Sample PE Ratio						
Type of Shares	1999	2000	2001	2002	2003	Total N
Shanghai A	80.19	110.29	113.66	124.76	89.82	224
Shanghai A of AB	351.66	292.52	277.01	224.42	178.10	112
Shanghai B of AB	40.15	131.83	130.00	92.82	69.33	70
Shenzhen A	31.38	143.73	63.94	65.28	73.76	224
Shenzhen A of AB	80.79	242.33	150.83	138.58	81.39	112
Shenzhen B of AB	25.50	113.26	66.97	61.23	44.02	180

Table 5-2 indicates that A of AB-shares has a higher PE ratio than A-shares in both Shanghai and Shenzhen stock markets. For example, an average of 165% greater in Shanghai and 97% greater in Shenzhen for the testing period from 1999 to 2003. This finding implies that Chinese listed companies based on Western governance perform better than Chinese listed companies based on Chinese governance.

Furthermore, the expectation of the removal of the B-share trading restriction caused PE ratios to be boosted in both Shanghai and Shenzhen markets in 2000. However, PE ratio of the A of AB-shares remains greater than PE ratio of the B of AB-shares. This also suggests that the Chinese markets are still segmented after the B-share trading restriction lifted in 2001. The descriptive statistics for the test period are presented in Table 5-3.

Further, as the B-share trading restriction was lifted in 2001, we need to compare these reactions in post 2001 and pre 2001. Therefore Table 5-4 presents the descriptive statistics for the pre 2001 test period and Table 5-5 presents the descriptive statistics for the post 2001 test period. The results of Table 5-4 show that stock price and PE ratio were boosted in pre 2001 for both Shanghai and Shenzhen markets. For example, Shanghai B of AB sample mean stock price increased by 290%, Shenzhen B of AB sample mean stock price increased by 78%, Shanghai A of AB sample mean share price increased by 19% and Shenzhen A of AB sample mean share price increased by 10% in 2000.

TABLE 5-3: SAMPLE DESCRIPTIVE STATISTICS 1999-2003

Period: 1999-2003						
Type of Shares						
Shanghai A	P	PE	EPS	TA	TL	No. of Share
Mean	12.07	104.52	0.17	2,034,480	958,454	395,607
Standard Deviation	4.79	105.07	0.23	3,582,286	2,821,903	549,713
Minimum	3.38	7.72	-1.00	325,156	65,294	87,207
Maximum	32.17	552.56	0.72	31,699,991	25,217,413	4,866,950
N=364						
Shanghai A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	12.51	256.87	0.05	3,277,962	1,896,855	540,995
Standard Deviation	3.11	284.39	0.23	3,053,843	2,490,596	332,888
Minimum	5.43	-31.25	-0.65	421,739	166,817	115,133
Maximum	20.37	1,270.40	0.50	16,965,638	14,958,381	1,867,684
N=182						
Shanghai B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	5.44	93.44	0.05	3,277,962	1,896,855	540,995
Standard Deviation	1.48	93.99	0.23	3,053,843	2,490,596	332,888
Minimum	3.16	-20.46	-0.65	421,739	166,817	115,133
Maximum	9.95	290.87	0.50	16,965,638	14,958,381	1,867,684
N=70						
Shenzhen A	P	PE	EPS	TA	TL	No. of Share
Mean	10.48	66.01	0.13	1,907,762	763,463	418,329
Standard Deviation	3.83	111.82	0.26	1,391,648	718,467	295,120
Minimum	5.05	-648.00	-0.74	168,912	67,430	90,486
Maximum	20.47	392.26	0.74	6,732,571	4,459,011	1,627,500
N=360						
Shenzhen A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	11.64	135.84	0.14	3,259,009	1,794,842	531,621
Standard Deviation	3.42	190.33	0.40	2,873,385	1,705,528	412,447
Minimum	6.22	-40.43	-1.09	250,026	85,950	163,416
Maximum	23.12	833.20	1.18	11,250,712	5,540,270	2,368,264
N=180						
Shenzhen B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	5.64	60.29	0.14	3,259,009	1,794,842	531,621
Standard Deviation	2.18	75.10	0.40	2,873,385	1,705,528	412,447
Minimum	2.00	-12.89	-1.09	250,026	85,950	163,416
Maximum	13.13	360.43	1.18	11,250,712	5,540,270	2,368,264
N=180						

Notes:

P: Stock price (RMB) at the announcement date

EPS: Earnings per share (RMB) at the end of financial year

TA: Total Assets (RMB 000) at the end of financial year

TL: Total Liabilities (RMB 000) at the end of financial year

No. of Share: No. of Shares (000) issued at the end of financial year

TABLE 5-4: SAMPLE DESCRIPTIVE STATISTICS 1999-2000

Period: 1999-2000						
Type of Shares						
Shanghai A	P	PE	EPS	TA	TL	No. of Share
Mean	16.19	93.12	0.25	1,665,948	741,590	348,005
Standard Deviation	8.24	135.22	0.24	3,109,682	2,314,078	557,289
Minimum	2.82	-125.11	-0.50	265,027	60,017	80,010
Maximum	52.74	938.50	0.87	26,986,298	20,037,194	4,866,950
N=140						
Shanghai A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	14.86	317.66	0.04	2,808,625	1,558,276	518,809
Standard Deviation	3.88	371.50	0.31	2,424,167	1,718,239	332,446
Minimum	5.69	-297.46	-1.08	478,171	173,342	115,133
Maximum	25.74	1,329.00	0.57	10,163,121	8,035,979	1,867,684
N=70						
Shanghai B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	4.85	87.92	0.04	2,808,625	1,558,276	518,809
Standard Deviation	1.72	111.78	0.31	2,424,167	1,718,239	332,446
Minimum	2.64	-67.90	-1.08	478,171	173,342	115,133
Maximum	9.95	413.45	0.57	10,163,121	8,035,979	1,867,684
N=70						
Shenzhen A	P	PE	EPS	TA	TL	No. of Share
Mean	13.40	78.37	0.19	1,600,921	624,070	374,413
Standard Deviation	5.89	203.71	0.30	1,080,454	579,887	272,662
Minimum	5.70	-887.13	-0.74	132,733	42,741	63,329
Maximum	36.84	596.62	0.73	5,787,393	3,238,405	1,627,500
N=136						
Shenzhen A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	13.59	158.84	0.19	2,879,337	1,591,080	503,165
Standard Deviation	4.65	259.35	0.30	2,512,168	1,650,900	371,441
Minimum	6.18	-259.18	-0.43	300,380	100,211	163,416
Maximum	26.06	977.38	1.05	9,943,357	6,371,258	1,931,553
N=68						
Shenzhen B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	5.71	67.94	0.19	2,879,337	1,591,080	503,165
Standard Deviation	2.50	113.79	0.30	2,512,168	1,650,900	371,441
Minimum	1.16	-147.62	-0.43	300,380	100,211	163,416
Maximum	13.20	338.52	1.05	9,943,357	6,371,258	1,931,553
N=68						

Notes:

P: Stock price (RMB) at the announcement date

EPS: Earnings per share (RMB) at the end of financial year

TA: Total Assets (RMB 000) at the end of financial year

TL: Total Liabilities (RMB 000) at the end of financial year

No. of Share: No. of Shares (000) issued at the end of financial year

TABLE 5-5: SAMPLE DESCRIPTIVE STATISTICS 2001-2003**Period: 2001-2003****Type of Shares**

Shanghai A	P	PE	EPS	TA	TL	No. of Share
Mean	9.73	113.56	0.12	2,225,362	1,075,514	421,161
Standard Deviation	3.33	142.09	0.33	3,856,642	3,117,664	553,274
Minimum	3.75	-38.61	-1.73	274,496	56,943	87,207
Maximum	18.48	753.33	0.92	34,056,838	27,807,523	4,866,950
N=224						
Shanghai A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	11.18	214.74	0.06	3,445,155	2,035,433	556,601
Standard Deviation	3.09	329.59	0.26	3,351,952	2,818,566	343,819
Minimum	4.90	-96.26	-0.72	365,308	160,293	115,133
Maximum	19.94	1,419.42	0.50	19,233,143	17,265,848	1,867,684
N=112						
Shanghai B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	5.72	93.70	0.06	3,445,155	2,035,433	556,601
Standard Deviation	1.37	124.20	0.26	3,351,952	2,818,566	343,819
Minimum	3.93	-51.72	-0.72	365,308	160,293	115,133
Maximum	9.95	366.81	0.50	19,233,143	17,265,848	1,867,684
N=70						
Shenzhen A	P	PE	EPS	TA	TL	No. of Share
Mean	8.91	65.94	0.09	2,031,884	839,246	430,126
Standard Deviation	3.36	94.80	0.31	1,532,748	842,679	298,177
Minimum	4.43	-403.00	-0.98	139,152	61,127	90,486
Maximum	18.95	476.67	0.97	7,236,243	5,272,749	1,627,500
N=224						
Shenzhen A of AB	P	PE	EPS	TA	TL	No. of Share
Mean	10.29	128.34	0.10	3,357,368	1,840,555	553,555
Standard Deviation	3.63	216.73	0.55	3,075,545	1,700,697	456,304
Minimum	3.50	-23.33	-1.79	149,320	76,443	163,416
Maximum	21.16	1,119.00	1.27	12,122,283	5,416,821	2,659,404
N=112						
Shenzhen B of AB	P	PE	EPS	TA	TL	No. of Share
Mean	5.48	58.59	0.10	3,357,368	1,840,555	553,555
Standard Deviation	2.29	90.44	0.55	3,075,545	1,700,697	456,304
Minimum	1.71	-11.40	-1.79	149,320	76,443	163,416
Maximum	13.09	486.94	1.27	12,122,283	5,416,821	2,659,404
N=112						

Notes:

P: Stock price (RMB) at the announcement date

EPS: Earnings per share (RMB) at the end of financial year

TA: Total Assets (RMB 000) at the end of financial year

TL: Total Liabilities (RMB 000) at the end of financial year

No. of Share: No. of Shares (000) issued at the end of financial year

5.3 TESTS OF HYPOTHESES

This study uses abnormal returns (CAR- Cumulative Average Residuals) to measure the impact of governance on the performance of shares. Hypotheses are tested using cumulative average residuals computed based on three return-generating models (RGM), Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model.

Hypothesis One examines the impact of governance structure on market' s response to an earnings announcement. Hypothesis One also tests whether the governance structure have the same effect for the pre and post 2001 periods. Hypothesis Two tests whether the A-shares market views earnings announcements as more reliable than the B-shares market for the pre 2001 period. Hypothesis Three examines whether Chinese market are not segmented for the post 2001 period and tests whether there is any difference on market's response to the A-share and B-share of an AB-shares company. Hypothesis Four tests whether investors react differently to earning announcements based on IAS and earnings announcements based on Chinese GAAP.

5.3.1 TEST STATISTIC AND TESTS INTERVALS

As stated in Section 4.4, the test statistic is the ratio of CAR to the estimated standard deviation. The null hypothesis is rejected if the test statistic exceeds a critical value, typically corresponding to the 5% region (Fama et al., 1969, Brown and Warner, 1985)

The test interval used in this study is (-10, +10), which was derived from testing a simulation using several multi-day intervals such as (-20, +10), (-20, +5), (-15, +10), (-15, +5) and (-10, +10). The results of the simulation indicate that all abnormal performance occurs in the (-10, + 10) interval and is uniformly distributed (Brown and Warner, 1980, Kong and Taghavi, 2006).

5.3.2 TEST RESULTS FOR HYPOTHESIS ONE

Hypothesis One examines the impact of governance structure on market's response to an earnings announcement. Hypothesis One also tests whether the governance structure have the same effect for the pre and post 2001 periods.

Tests were conducted using all three models. In general, the results for the Market model and the Market Adjusted Returns model are consistent. The Mean model is inconsistent with the other models when testing the effects of bad news.

The test of the hypothesis proceeds in two stages. First we determine whether the cumulative residuals for the good news and bad news samples are significantly different from zero. Each sample contains a sub-sample of A-shares and A of AB-shares companies matched on the criteria specified in Chapter Four. In stage one, we test if the cumulative residuals for each sub-sample are significantly different from zero. Second we determine if the cumulative residuals are different between the sub-samples of matched pairs.

For stage one, the cumulative residuals for each sub-sample is tested to examine whether they are significantly different from zero. Table 5-6, Table 5-7, Table 5-8 and Table 5-9 present test statistics computed based on Market model, Mean model and Market Adjusted Returns model for the pre 2001 period. The results for the Shanghai market are shown in Table 5-6 and Table 5-8. Table 5-6 presents the results of good news announcements and Table 5-8 presents the results of bad news announcements. Table 5-7 and Table 5-9 show the corresponding results for the good news and bad news announcements for the Shenzhen market.

From the results¹⁹ of Table 5-6, it can be seen that the CARs of good news announcements of A of AB-shares, A-shares and B-shares are all significantly different from zero based on Market model, Mean model and Market Adjusted Returns model.

B of AB-shares' CARs generated from three models are significantly greater than A of AB-shares' and A-shares' CARs. This result is consistent with the finding stated in Section 5.2, which indicates that the effect of the removal of B-shares trading restriction on share price was significant. For example, Shanghai B of AB-shares sample mean stock price increased by 290% in 2000.

As the CAR based on Mean model measures the differences between the share's daily return and the average of daily returns in the estimation period, the market returns is not taken into account in calculating the CAR. Therefore, the CAR based on Mean model is different to the CAR based on Market model and Market Adjusted Returns model.

TABLE 5-6: SHANGHAI GOOD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 1999-2000

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	3.12*	22.53*	3.11*
Mean Model	CAR T1	1.70*	10.62*	7.86*
Market Adjusted Returns	CAR T1	6.38*	25.08*	10.30*
	N:	43	43	109
* = Significant at P = 5%				
Interval :CAR -10, +10				
T1: the standard portfolio method t-statistic				

¹⁹ The results of T1 (the standard portfolio method) are consistent with the results of T2 (the cross-sectional) and T3 (the Carrando and Zivney sign test). Detailed calculations are presented in Appendix 5 to Appendix 26.

From Table 5-7, it can be seen that the CARs of good news announcements of the A of AB-shares, A-shares and B-shares are all significantly different from zero in the Shenzhen market based on three models.

There is no significant difference in the CARs between A of AB-shares and A-shares. However, B of AB-shares' CARs are significantly greater than A of AB-shares' and A-shares' CARs. This result is consistent with the finding in the Shanghai market and it can be concluded that the effect of the removal of the B-shares trading restriction on B-shares' share price was significant. For example, Shenzhen B of AB-shares sample mean stock price increased by 78% in 2000.

TABLE 5-7: SHENZHEN GOOD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 1999-2000

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	6.24*	20.93*	3.31*
Mean Model	CAR T1	5.35*	11.71*	5.77*
Market Adjusted Returns	CAR T1	8.40*	20.83*	8.08*
	N:	54	54	108

* = Significant at P = 5%
Interval :CAR -10, +10
T1: the standard portfolio method t-statistic

From the results of Table 5-8, it can be seen that the CARs of bad news announcements based on Market model and Market Adjusted Returns model are significantly different from zero for A of AB-shares, A-shares and B of AB-shares. However, B of AB-shares' CAR based on Mean model is not significantly different from zero. As stated in the previous discussion of this Section, the CAR based on Mean model does not take market returns into account in calculating the CAR. Therefore, the CAR based on Mean model is different to the CARs based on Market model and Market Adjusted Returns model.

B of AB-shares' CARs based on Market model and Market Adjusted Returns model are significantly greater than A of AB-shares' and A-shares' CARs. This is consistent with the findings discussed in the previous discussion of this section. Furthermore, the differences in the CARs of bad news announcements between A of AB-shares and A-

shares are significantly different. The impact of A of AB-shares' and B of AB-shares' bad news announcements on market's responses seem to be irrational because their CARs were increased up to 4% and 12% respectively after the announcement date. The graph of the CARs can be seen from Figure 5-3, which shows the irrational CARs increase.

TABLE 5-8: SHANGHAI BAD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 1999-2000

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	8.81*	12.32*	-5.17*
Mean Model	CAR T1	1.93*	0.83	-3.40*
Market Adjusted Returns	CAR T1	11.12*	12.60*	-5.15*
	N:	27	27	31

* = Significant at P = 5%
Interval :CAR -10, +10
T1: the standard portfolio method t-statistic

From the results of Table 5-9, it can be seen that the A-shares' and the B of AB-shares' CARs of bad news announcements based on three models are significantly different from zero. A of AB-shares' CAR based on Mean model is significantly different from zero, whereas CARs based on Market model and Market Adjusted Return model are not significantly different from zero.

Furthermore, the differences in the CARs of bad news announcements between A of AB-shares and A-shares are different. The impact of on A-shares' bad news announcements on market's response seems to be irrational because the CAR was increased up to 5.8% from the announcement date to event day +10. The graph of the CAR can be seen from Figure 5-4, which illustrates the irrational CAR increase.

TABLE 5-9: SHENZHEN BAD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 1999-2000

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	-1.04	3.76*	11.91*
Mean Model	CAR T1	-3.49*	-3.34*	7.27*
Market Adjusted Returns	CAR T1	-0.12	3.29*	8.67*
	N:	14	14	28

* = Significant at P = 5%
Interval :CAR -10, +10
T1: the standard portfolio method t-statistic

A better understanding of the statistical results for the period 1999 to 2000 can be seen from the graphs of the CARs. Figure 5-1 and Figure 5-2 show event-period graphs of the CARs for good news announcements for Shanghai and Shenzhen markets respectively. It can be seen clearly that the CARs of A of AB-shares is greater than that of A-shares for the Shenzhen market only.

FIGURE 5-1: SHANGHAI GOOD NEWS EARNINGS RESPONSES 1999-2000

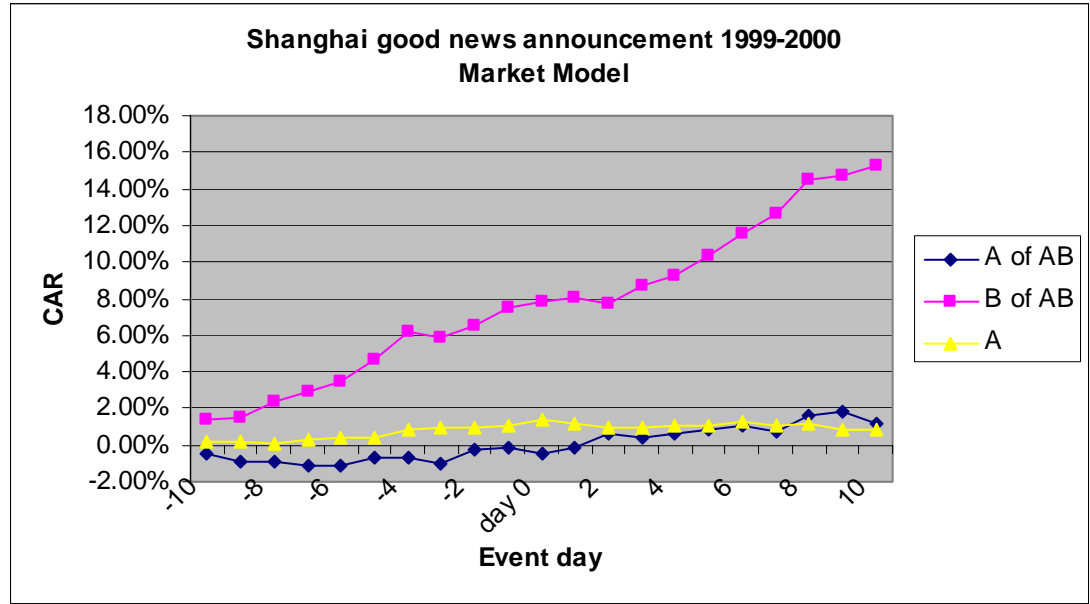
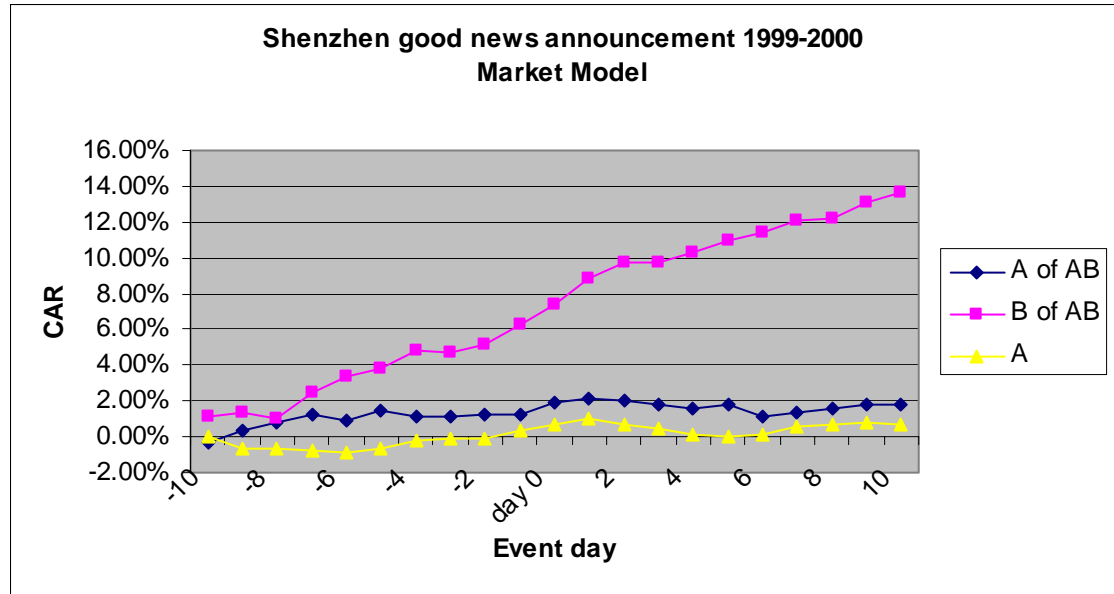


FIGURE 5-2: SHENZHEN GOOD NEWS EARNINGS RESPONSES 1999-2000



For stage two, we determine if the CARs are different between the sub-samples of matched pairs. The results of matched pairs tests are shown in Table 5-10 and Table 5-11 for good news announcements and in Table 5-12 and Table 5-13 for bad news announcements.

From the results of Table 5-10, it can be seen that the mean CAR of A of AB-share is slightly greater than that of A-shares, but the t-statistic is 0.1371, which is not significant at $P = 0.05$ level of significance.

The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earning response to a good news announcement of the A-share of an A-share only company in the Shanghai market. Therefore, $H1A_0$ should be not rejected.

TABLE 5-10: MATCHED PAIRS T-TEST FOR SHANGHAI GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>A</i>
Mean	0.0121	0.0100
Variance	0.0069	0.0046
Observations	43	43
Pearson Correlation	0.0812	
Hypothesized Mean Difference	0	
df	42	
t Stat	0.1371	
P(T<=t) one-tail	0.4458	
t Critical one-tail	1.6820	
P(T<=t) two-tail	0.8916	
t Critical two-tail	2.0181	

From the results of Table 5-11, it can be seen that the mean CAR of A of AB-share is greater than A-shares' and the t-statistic is 2.049, which is significant at P of 0.02.

The results support that due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earning response to a good news announcement of the A-share of an A-share only company In the Shenzhen market. Therefore, $H1B_0$ should be rejected.

TABLE 5-11: MATCHED PAIRS T-TEST FOR SHENZHEN GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	A of AB	A
Mean	0.0180	-0.0197
Variance	0.0151	0.0067
Observations	54	54
Pearson Correlation	0.1772	
Hypothesized Mean Difference	0	
df	53	
t Stat	2.0490	
P(T<=t) one-tail	0.0227	
t Critical one-tail	1.6741	
P(T<=t) two-tail	0.0454	
t Critical two-tail	2.0057	

In terms of bad news announcements, the statistical results for the period 1999 to 2000 can be seen from the graphs of the CARs. Figure 5-3 and Figure 5-4 show event-period graphs of the CARs for Shanghai and Shenzhen respectively. It can be seen clearly that the CAR of A of AB-shares is greater than that of A-shares in the Shanghai market. However, the CAR of A of AB-shares is less than that of A-shares in the Shanghai market.

FIGURE 5-3: SHANGHAI BAD NEWS EARNINGS RESPONSES 1999-2000

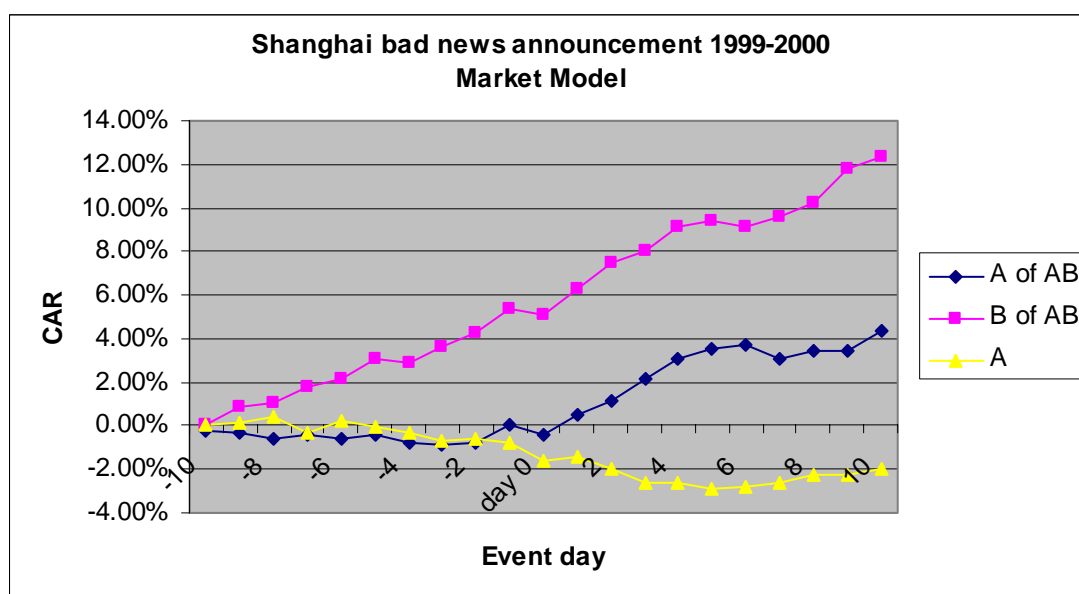
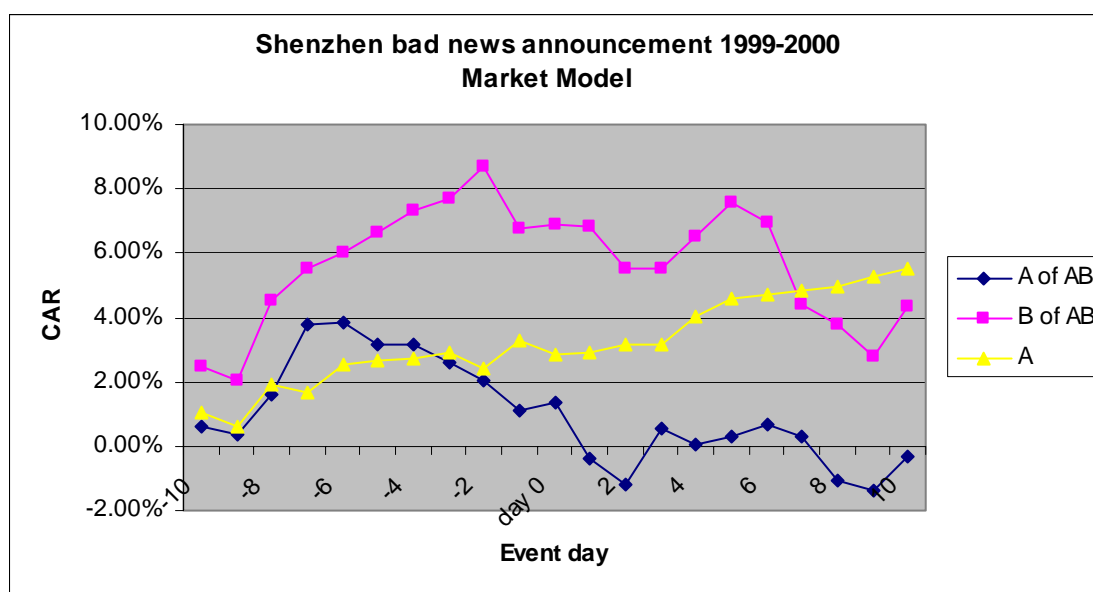


FIGURE 5-4: SHENZHEN BAD NEWS EARNINGS RESPONSES 1999-2000



The results of matched pairs tests are shown in Table5-12 and Table5-13. Table 5-12 shows that the mean CAR of A of AB-share is greater than that of A-shares and the t-statistic is 2.73, which is significant at P of 0.005. The results support that due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earning response to a bad news announcement of the A-share of an A-share only company and therefore $H1C_0$ should be rejected.

TABLE 5-12: MATCHED PAIRS T-TEST FOR SHANGHAI BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	A of AB	A
Mean	0.0439	-0.0233
Variance	0.0093	0.0084
Observations	27	27
Pearson Correlation	0.0792	
Hypothesized Mean Difference	0	
df	26	
t Stat	2.7303	
P(T<=t) one-tail	0.0056	
t Critical one-tail	1.7056	
P(T<=t) two-tail	0.0112	
t Critical two-tail	2.0555	

From the results of Table 5-13, it can be seen that the mean CAR of A of AB-share is less than that of A-shares and the t-statistic is -1.296, which is not significant at P of 0.05. The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earning response to a bad news announcement of the A-share of an A-share only company and therefore $H1D_0$ should not be rejected.

TABLE 5-13: MATCHED PAIRS T-TEST FOR SHENZHEN BAD NEWS ANNOUNCEMENTS 1999-2000 CUMULATIVE RESIDUALS (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>A</i>
Mean	-0.0030	0.0541
Variance	0.0201	0.0164
Observations	14	14
Pearson Correlation	0.2542	
Hypothesized Mean Difference	0	
df	13	
t Stat	-1.2969	
P(T<=t) one-tail	0.1086	
t Critical one-tail	1.7709	
P(T<=t) two-tail	0.2172	
t Critical two-tail	2.1604	

For the results of the post 2001 period, Table 5-14, Table 5-15, Table 5-16 and Table 5-17 present test statistics computed based on Market model, Mean model and Market Adjusted Returns model for the pre 2001 period. The results for the Shanghai market are shown in Table 5-14 and Table 5-16. Table 5-14 presents the results of good news announcements and Table 5-16 presents the results of bad news announcements. Table 5-15 and Table 5-17 show the corresponding results for the good news and bad news announcements for the Shenzhen market.

From the results of Table 5-14, it can be seen that the CARs of good news announcements based on Market model and Market Adjusted Returns model are significantly different from zero. However the CAR based on Mean model is not significantly different from zero. As stated in the previous discussion of this Section, the CAR based on Mean model does not take market returns into account in calculating the CAR. Therefore, the CAR based on Mean model is different to the CARs based on Market model and Market Adjusted Returns model.

TABLE 5-14: SHANGHAI GOOD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 2001-2003

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	-4.92*	-7.36*	-3.83*
Mean Model	CAR T1	0.52	-6.16*	14.71*
Market Adjusted Returns	CAR T1	-4.98*	-6.92*	-3.35*
	N:	69	69	169

* = Significant at P = 5%
Interval :CAR -10, +10
T1: the standard portfolio method t-statistic

Table 5-15 shows that the CARs of good news announcements of A of AB-shares' based on three models are significantly different from zero.

The A-shares' CARs based on Mean model and Market Adjusted Returns model are significantly different from zero, whereas the CAR based on Market model is not significantly different from zero. The impact of A-shares' bad news announcements on market's responses seem to be irrational because the CAR was increased from -0.2% on the announcement date to 0.4 % on the event day +4. The graph of the CAR can be seen from Figure 5-6, which illustrates the irrational CAR increase.

B of AB-shares' CARs based on Market model and Mean model are significantly different from zero, whereas the CAR based on Market Adjusted Returns model is not significantly different from zero. However, the differences of CAR in three models are diminutive.

TABLE 5-15: SHENZHEN GOOD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 2001-2003

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	-2.84*	-2.98*	0.04
Mean Model	CAR T1	-3.15*	-3.28*	3.93*
Market Adjusted Returns	CAR T1	-2.77*	-1.18	3.04*
	N:	77	77	148

* = Significant at P = 5%
Interval :CAR -10, +10
T1: the standard portfolio method t-statistic

From the results of Table 5-16, it can be seen that the CARs of bad news announcements based on three models are significantly different from zero, with the exception of A-shares' CAR based on Mean model. As stated in the previous discussion of this Section, the CAR based on Mean model does not take market returns into account in calculating the CARs. Therefore, the CAR based on Mean model is different to the CARs based on Market model and Market Adjusted Returns model.

TABLE 5-16: SHANGHAI BAD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 2001-2003

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	-15.75*	-19.92*	-2.68*
Mean Model	CAR T1	-12.59*	-18.78*	-1.07
Market Adjusted Returns	CAR T1	-11.91*	-16.65*	-5.48*
	N:	43	43	55
* = Significant at P = 5%				
Interval :CAR -10, +10				
T1: the standard portfolio method t-statistic				

Table 5-17 shows that the CARs of bad news announcements based on three models are significantly different from zero.

TABLE 5-17: SHENZHEN BAD NEWS EARNINGS RESPONSE - CUMULATIVE RESIDUALS T-STATISTIC 2001-2003

Model	Class of Shares	A of AB	B of AB	A
	T-Statistic			
Market Model	CAR T1	-9.87*	-12.22*	-6.17*
Mean Model	CAR T1	-11.14*	-14.55*	-6.08*
Market Adjusted Returns	CAR T1	-15.28*	-15.72*	-12.51*
	N:	35	35	76
* = Significant at P = 5%				
Interval :CAR -10, +10				
T1: the standard portfolio method t-statistic				

The statistical results for the period 2001 to 2003 can be seen from the graphs of the CARs. Figure 5-5 and Figure 5-6 show event-period graphs of the CARs for good news announcements in the Shanghai and Shenzhen markets respectively. It can be seen that the CARs of A-shares is greater than that of A of AB-shares in the Shanghai and Shenzhen markets.

FIGURE 5-5: SHANGHAI GOOD NEWS EARNINGS RESPONSES 2001-2003

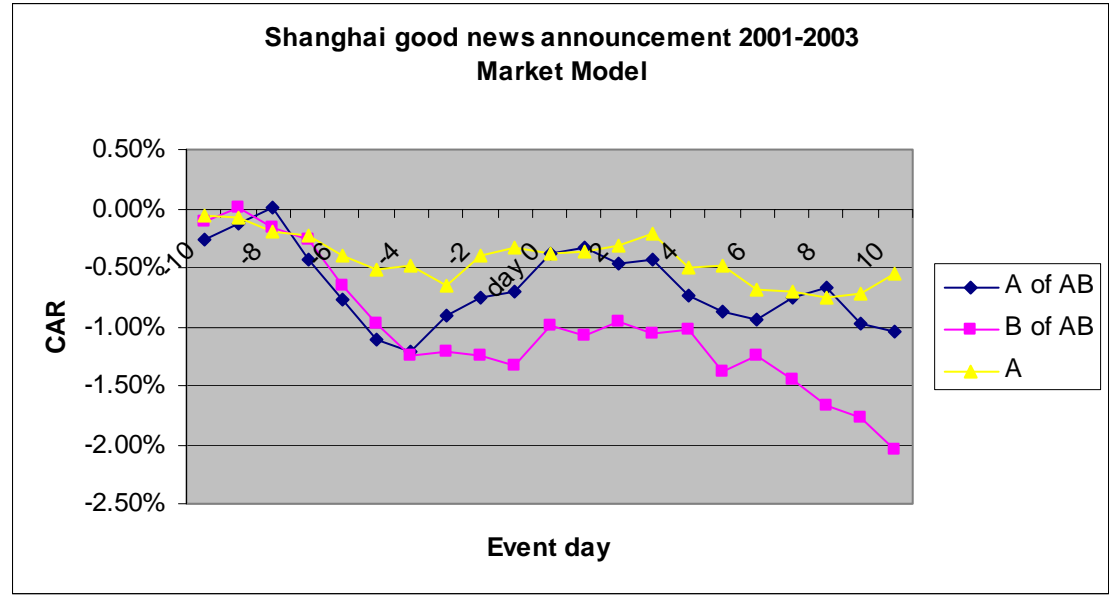
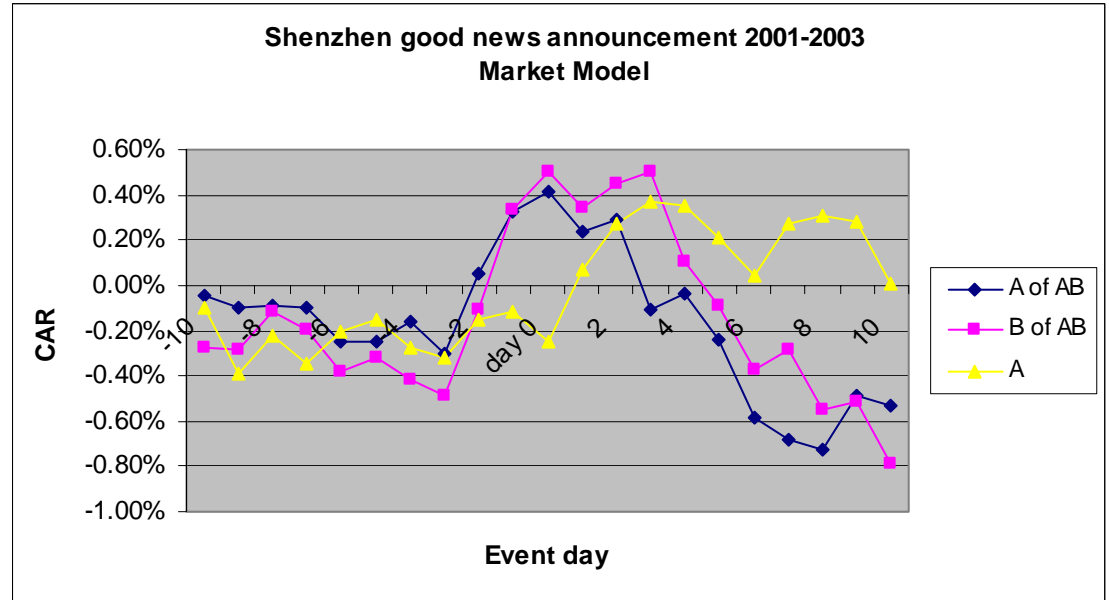


FIGURE 5-6: SHENZHEN GOOD NEWS EARNINGS RESPONSES 2001-2003



For the results of matched pairs tests, they are shown in Table 5-18 and Table 5-19. From the results of Table 5-18, it can be seen that the mean CAR of A of AB-share is less than that of A-shares and the t-statistic is -0.86, which is not significant at 0.05 level of significance.

The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earning response to a good news announcement of the A-share of an A-share only company for the post 2001 period in the Shanghai market. Therefore, $H1E_0$ should not be rejected.

TABLE 5-18: MATCHED PAIRS T-TEST FOR SHANGHAI GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>A</i>
Mean	-0.0104	0.0059
Variance	0.0059	0.0184
Observations	69	69
Pearson Correlation	0.0051	
Hypothesized Mean Difference	0	
df	68	
t Stat	-0.8698	
P(T<=t) one-tail	0.1937	
t Critical one-tail	1.6676	
P(T<=t) two-tail	0.3875	
t Critical two-tail	1.995	

From the results of Table 5-19, it can be seen that the mean CAR of A of AB-share is less than that of A-shares and the t-statistic is -1.02, which is not significant at 0.05 level of significance.

The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a good news announcement of the A-share of an AB-shares company should be greater than the earning response to a good news announcement of the A-share of an A-share only company for the post 2001 period in the Shenzhen market and therefore $H1F_0$ should not be rejected.

TABLE 5-19: MATCHED PAIRS T-TEST FOR SHENZHEN GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>A</i>
Mean	-0.0053	0.0053
Variance	0.0060	0.0126
Observations	77	77
Pearson Correlation	0.2686	
Hypothesized Mean Difference	0	
df	76	
t Stat	-0.7852	
P(T<=t) one-tail	0.2174	
t Critical one-tail	1.6652	
P(T<=t) two-tail	0.4348	
t Critical two-tail	1.9917	

In terms of bad news announcements, the statistical results for the period 2001 to 2003 can be seen from the graphs of the CARs. Figure 5-7 and Figure 5-8 show event-period graphs of the CARs for Shanghai and Shenzhen markets respectively. It can be seen clearly that the residuals of A of AB-shares is less than A-shares' in the Shanghai and Shenzhen markets.

FIGURE 5-7: SHANGHAI BAD NEWS EARNINGS RESPONSES 2001-2003

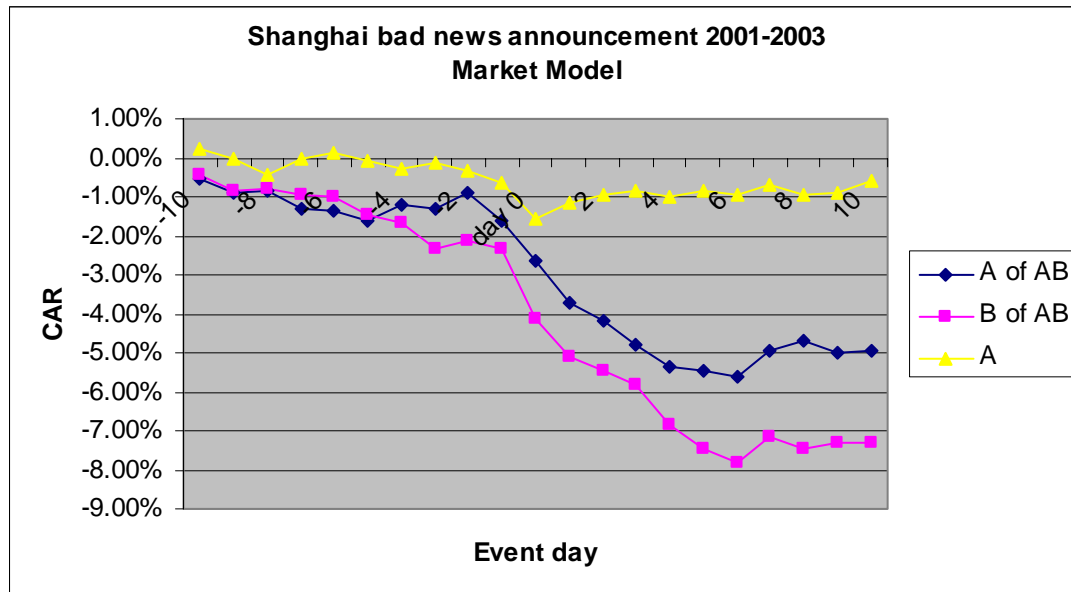
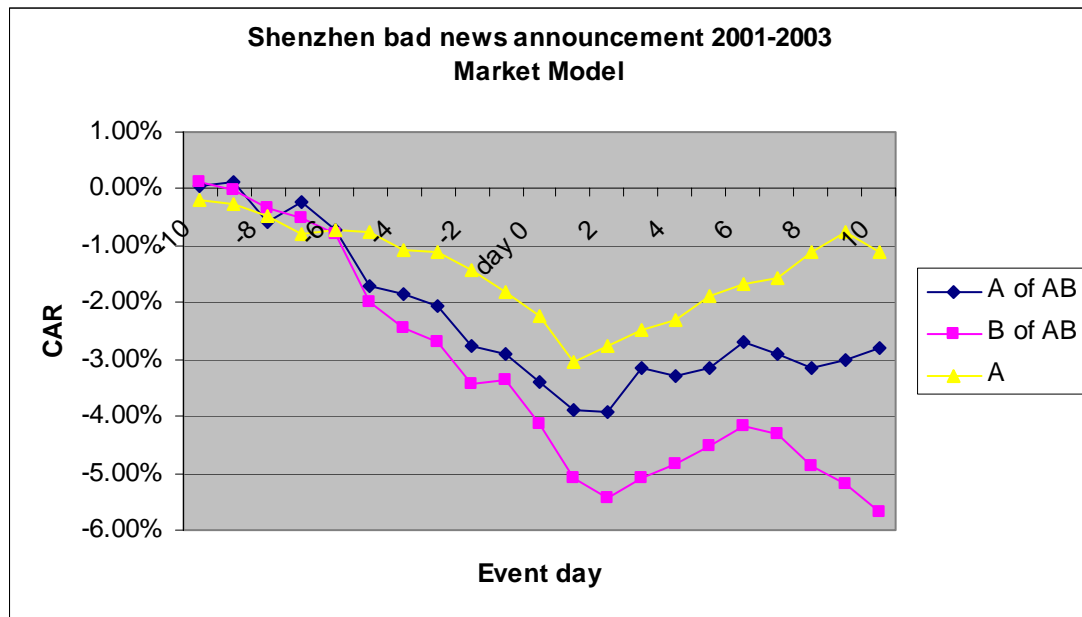


FIGURE 5-8: SHENZHEN BAD NEWS EARNINGS RESPONSES 2001-2003



For the results of matched pairs tests, they are shown in Table 5-20 and Table 5-21. From the results of Table 5-20, it can be seen that there is a significant difference between the means and the t-statistic is -2.49, which is significant at P of 0.008. However, the mean CAR of A of AB-share is less than that of A-shares.

The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earning response to a bad news announcement of the A-share of an A-share only company for the post 2001 period in the Shanghai market and therefore, $H1G_0$ should not be rejected.

TABLE 5-20: MATCHED PAIRS T-TEST FOR SHANGHAI BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>A</i>
Mean	-0.0498	-0.0085
Variance	0.0098	0.0063
Observations	43	43
Pearson Correlation	0.2750	
Hypothesized Mean Difference	0	
df	42	
t Stat	-2.4955	
P(T<=t) one-tail	0.0083	
t Critical one-tail	1.6820	
P(T<=t) two-tail	0.0166	
t Critical two-tail	2.018	

Table 5-21 indicates that the mean CAR of A of AB-share is less than that of A-shares and the t-statistic is -0.98, which is not significant at 0.05 level of significance. The results do not support that due to a better governance structure in an AB-shares company, the earnings response to a bad news announcement of the A-share of an AB-shares company should be greater than the earning response to a bad news announcement of the A-share of an A-share only company for the post 2001 period in the Shenzhen market and therefore, H_1H_0 should not be rejected.

TABLE 5-21: MATCHED PAIRS T-TEST FOR SHENZHEN BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO A)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>A</i>
Mean	-0.0281	-0.0027
Variance	0.0122	0.0084
Observations	35	35
Pearson Correlation	-0.1341	
Hypothesized Mean Difference	0	
df	34	
t Stat	-0.9819	
P(T<=t) one-tail	0.1665	
t Critical one-tail	1.6909	
P(T<=t) two-tail	0.3331	
t Critical two-tail	2.0322	

For the period pre 2001, mixed results were found for the test of Hypothesis One when controlling for good news and bad news and for the market in which the shares are traded. For the Shanghai Market, there is no significant difference between the CARs of the A of AB-shares compared with those of the A-shares for the good news portfolio while there is a significant difference for the bad news portfolio. Conversely, the Shenzhen market shows a significant difference between the CARs of the A of AB-shares compared with those of the A-shares for good news announcements but no significant difference for bad news announcements. Due to the effect of the removal of B-shares trading restriction on B-shares' share price, the results of Hypotheses One for the pre 2001 period could be invalid and inconclusive.

For the post 2001 period, the CARs for the A of AB-shares are not greater than those of the A-shares. The results of Hypotheses One do not support that a better governance structure of A of AB-shares will result in significantly greater earnings response. Furthermore, the results of Hypotheses One indicate that the governance structure do not have the same effect for the pre and post 2001 periods. The effect of the removal of B-shares trading restriction on AB-shares' share prices might provide an invalid result for the pre 2001 period and therefore it is difficult to justify the different effects of the governance structure between the pre and post 2001 periods.

Table 5-22 presents a summary of Hypothesis One. Detailed computation of abnormal returns and cumulative average residuals are presented in Appendices 7-28.

TABLE 5-22: SUMMARY OF HYPOTHESIS ONE

Hypothesis One	Result
H1A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$	Do not Reject
H1A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$	Reject
H1B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$	Reject
H1B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$	Do not Reject
H1C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$	Reject
H1C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$	Do not Reject
H1D₀: $CAR_{bad\ news,\ A\ of\ A,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$	Do not Reject
H1D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$	Reject
H1E₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$	Do not Reject
H1E₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$	Reject
H1F₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$	Do not Reject
H1F₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$	Reject
H1G₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$	Do not Reject
H1G₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$	Reject
H1H₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$	Do not Reject
H1H₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$	Reject

5.3.3 TEST RESULTS FOR HYPOTHESIS TWO

Hypothesis Two examines the governance argument stated in Section 3.3.4.1 and tests whether the A-shares market views earnings announcements as more reliable than the B-shares market for the pre 2001 period.

As stated in Section 5.3.2, tests were conducted using all three models, and test of the hypothesis proceeds in two stages. In stage one, we test if the CARs for each sub-sample are significantly different from zero. Second we determine if the CARs are different between the sub-samples of matched pairs.

With the exception of the CAR of bad news announcements for B of AB-shares computed by Mean model in Table 5-8 and the CARs of bad news announcements for A of AB-shares computed by Market model and Market Adjusted Returns model in Table 5-9, the CARs are significantly different from zero. The results of the stage one for the pre 2001 period are presented in Table 5-6, Table 5-7, Table 5-8 and Table 5-9.

For stage two, we determine if the CARs are different between the sub-samples of matched pairs. The results of matched pairs are shown in Table 5-23 and Table 5-24 for good news announcements and in Table 5-25 and Table 5-26 for bad news announcements.

From the results of Table 5-23, it can be seen that the mean CAR of B of AB-share is greater than that of A of AB-shares and the t-statistic is -4.5, which is significant at 0.01 level of significance. The results support that if the Chinese stock markets are segmented prior 2001, the earnings response to a good news announcement of the B-share of AB-shares should be greater than the earnings response to a good news announcement of the A-share of AB-shares within an AB-shares company in the Shanghai market and therefore H2A₀ should be rejected.

TABLE 5-23: MATCHED PAIRS T-TEST FOR SHANGHAI GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	0.0121	0.1528
Variance	0.0069	0.0375
Observations	43	43
Pearson Correlation	0.0884	
Hypothesized Mean Difference	0	
df	42	
t Stat	-4.524	
P(T<=t) one-tail	2.4527	
t Critical one-tail	1.6820	
P(T<=t) two-tail	4.905	
t Critical two-tail	2.0181	

Table 5-24 shows that the mean CAR of B of AB-share is greater than that of A of AB-shares and the t-statistic is -3.24, which is significant at P of 0.001. The results support that the earnings response to a good news announcement of the B-share of AB-shares should be greater than the earnings response to a good news announcement of the A-share of AB-shares within an AB-shares company in the Shenzhen market and therefore $H2B_0$ should be rejected.

TABLE 5-24: MATCHED PAIRS T-TEST FOR SHENZHEN GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	0.0180	0.1361
Variance	0.0151	0.0782
Observations	54	54
Pearson Correlation	0.3194	
Hypothesized Mean Difference	0	
df	53	
t Stat	-3.2497	
P(T<=t) one-tail	0.0010	
t Critical one-tail	1.6741	
P(T<=t) two-tail	0.0020	
t Critical two-tail	2.0057	

Table 5-25 shows that the mean CAR of B of AB-share is greater than that of A of AB-shares and the t-statistic is -2.05, which is significant at P of 0.02. The results support that if the Chinese stock markets are segmented prior 2001, the earnings response to a bad news announcement of the B-share of AB-shares should be greater than the earnings response to a bad news announcement of the A-share of AB-shares within an AB-shares company in the Shanghai market and therefore $H2C_0$ should be rejected.

TABLE 5-25: MATCHED PAIRS T-TEST FOR SHANGHAI BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	0.0439	0.1232
Variance	0.0093	0.0327
Observations	27	27
Pearson Correlation	0.0547	
Hypothesized Mean Difference	0	
df	26	
t Stat	-2.0563	
P(T<=t) one-tail	0.0250	
t Critical one-tail	1.7056	
P(T<=t) two-tail	0.0499	
t Critical two-tail	2.0555	

Table 5-26 shows that the mean CAR of B of AB-share is greater than that of A of AB-shares and t-statistic is -0.95, which is not significant at 0.05 level of significance. The results do not support that the earnings response to a bad news announcement of the B-share of AB-shares should be greater than the earnings response to a bad news announcement of the A-share of AB-shares within an AB-shares company in the Shenzhen market and therefore $H2D_0$ should not be rejected.

TABLE 5-26: MATCHED PAIRS T-TEST FOR SHENZHEN BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 1999-2000 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	-0.0030	0.0435
Variance	0.0202	0.0379
Observations	14	14
Pearson Correlation	0.4523	
Hypothesized Mean Difference	0	
df	13	
t Stat	-0.957	
P(T<=t) one-tail	0.1781	
t Critical one-tail	1.7709	
P(T<=t) two-tail	0.3562	
t Critical two-tail	2.1604	

With the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, the earning response of the B-share of AB-shares is greater than the earnings response of the A-share of AB-shares within an AB-shares company. The results of Hypothesis Two suggest that the Chinese stock markets were segmented prior 2001. Table 5-27 presents a summary of Hypothesis Two.

TABLE 5-27: SUMMARY OF HYPOTHESIS TWO

Hypothesis Two	Result
H2A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	Reject
H2A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	Do not Reject
H2B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	Reject
H2B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	Do not Reject
H2C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	Reject
H2C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	Do not Reject
H2D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	Do not Reject
H2D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	Reject

5.3.4 TEST RESULTS FOR HYPOTHESIS THREE

Due to the relaxation of restrictions on the purchase of B-shares by domestic investors effective from February 2001, the market segmentation should cease to exist and there should be no differences in the market's response to the A-share and B-share of an AB-shares company as both have the same quality of governance. Hypothesis Three tests whether market segmentation cease to exist for the post 2001.

As stated in Section 5.3.2, tests were conducted using all three models, and test of the hypothesis proceeds in two stages. In stage one, we test if the CARs for each sub-sample are significantly different from zero. Second we determine if the CARs are different between the sub-samples of matched pairs.

The results of the stage one for the post 2001 period show that with the exception of the CAR of good news announcements based on Mean model in Table 5-14, the CAR of good news announcements based on Market model and the CAR based on Market Adjusted Returns model in Table 5-15, the CARs are significantly different from zero. For bad news announcements, with the exception of A-shares' CAR based on Mean model in Table 5-16, the CARs are significantly different from zero.

For stage two, we determine if the CARs are different between the sub-samples of matched pairs. The results of matched pairs tests are shown in Table 5-28 and Table 5-29 for good news announcements and in Table 5-30 and Table 5-31 for bad news announcements.

From the results of Table 5-28, it can be seen that the mean CAR of A of AB-share is slightly greater than that of B of AB-shares and the t-statistic is 0.85, which is not significant at 0.05 level of significance.

The results show that there is no difference between the mean CAR for A of AB-shares and B of AB-shares in the Shanghai market based using a two-tailed test and therefore H_{3A_0} should not be rejected.

TABLE 5-28: MATCHED PAIRS T-TEST FOR SHANGHAI GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>B of AB</i>
Mean	-0.0104	-0.0204
Variance	0.0059	0.0054
Observations	69	69
Pearson Correlation	0.1773	
Hypothesized Mean Difference	0	
df	68	
t Stat	0.8595	
P(T<=t) one-tail	0.1965	
t Critical one-tail	1.6675	
P(T<=t) two-tail	0.3931	
t Critical two-tail	1.9955	

From the results of Table 5-29, it can be seen that the mean CAR of A of AB-share is greater than that of B of AB-shares and the t-statistic is 0.27, which is not significant at 0.05 level of significance.

The results show that there is no difference between the mean CAR for A of AB-shares and B of AB shares in the Shenzhen market.

The results do not support that the earnings response to a good news announcement of the A-share of an AB-shares company should be different to the earning response to a good news announcement of the B-share of an AB-shares company and therefore $H3B_0$ should not be rejected.

TABLE 5-29: MATCHED PAIRS T-TEST FOR SHENZHEN GOOD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means		
	<i>A of AB</i>	<i>B of AB</i>
Mean	-0.0053	-0.0078
Variance	0.0060	0.0080
Observations	77	77
Pearson Correlation	0.5701	
Hypothesized Mean Difference	0	
df	76	
t Stat	0.2796	
P(T<=t) one-tail	0.3903	
t Critical one-tail	1.6652	
P(T<=t) two-tail	0.7805	
t Critical two-tail	1.9917	

From the results of Table 5-30, it can be seen that the mean CAR of A of AB-share is greater than that of B of AB-shares and t-statistic is 1.48, which is not significant at 0.05 level of significance.

The results do not support that the earnings response to a bad news announcement of the A-share of an AB-shares company should be different to the earning response to a bad news announcement of the B-share of an AB-shares company and therefore $H3C_0$ should not be rejected.

TABLE 5-30: MATCHED PAIRS T-TEST FOR SHANGHAI BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	-0.0497	-0.0732
Variance	0.0098	0.0062
Observations	43	43
Pearson Correlation	0.3287	
Hypothesized Mean Difference	0	
df	42	
t Stat	1.4825	
P(T<=t) one-tail	0.0728	
t Critical one-tail	1.6820	
P(T<=t) two-tail	0.1457	
t Critical two-tail	2.0181	

Table 5-31 shows that the mean CAR of A of AB-share is greater than that of B of AB-shares and the t-statistic is 2.22, which is significant at P of 0.016.

The results show that there is difference between the mean CAR for A of AB-shares and B of AB shares in the Shenzhen market. The results support that the earnings response to a bad news announcement of the A-share of an AB-shares company should be different to the earnings response to a bad news announcement of the B-share of an AB-shares company and therefore $H3D_0$ should be rejected.

TABLE 5-31: MATCHED PAIRS T-TEST FOR SHENZHEN BAD NEWS ANNOUNCEMENTS CUMULATIVE RESIDUALS 2001-2003 (A OF AB COMPARED TO B OF AB)

t-Test: Paired Two Sample for Means

	<i>A of AB</i>	<i>B of AB</i>
Mean	-0.0281	-0.0569
Variance	0.0122	0.0089
Observations	35	35
Pearson Correlation	0.7296	
Hypothesized Mean Difference	0	
df	34	
t Stat	2.2267	
P(T<=t) one-tail	0.0163	
t Critical one-tail	1.6909	
P(T<=t) two-tail	0.0327	
t Critical two-tail	2.0322	

With the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, the results of Hypothesis Three suggest that market segmentation cease to exist after the relaxation of restrictions on purchase of B-shares in 2001. Table 5-32 presents a summary of Hypothesis Three.

TABLE 5-32: SUMMARY OF HYPOTHESIS THREE

Hypothesis Three	Result
H3A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} = CAR_{good\ news,\ B\ of\ AB,\ SHSE}$	Do not Reject
H3A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SHSE}$	Reject
H3B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} = CAR_{good\ news,\ B\ of\ AB,\ SZSE}$	Do not Reject
H3B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SZSE}$	Reject
H3C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} = CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$	Do not Reject
H3C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$	Reject
H3D₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} = CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$	Reject
H3D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$	Do not Reject

5.3.5 TEST RESULTS FOR HYPOTHESIS FOUR

Hypothesis Four tests whether investors react differently to earning announcements based on IAS and earnings announcements based on Chinese GAAP. The basis of this test rests with the nature of the disclosures. Financial statements are presented in a fashion similar to that of dual company accounts prepared under international accounting standards which are reconciled with the results using Chinese accounting standards. When the earnings announcement of an AB-shares company occurs, the newspapers carry the Chinese profit number. If the A and B of the AB-shares operate in a segmented market, we would expect significant differences in the CARs.

As stated in Section 5.1, B-shares experienced a significant growth in share price for the pre 2001 period. This phenomenon could be the expectation of the relaxation of restrictions on the purchase of B-shares in 2001. B-shares' significant growth in share price for the pre 2001 period may provide an invalid testing result. Therefore, the test period of Hypothesis Four is post 2001.

As stated in Section 5.3.2, tests were conducted using all three models, Market model, Market Adjusted Returns model and Mean mode and test of the hypothesis proceeds in two stages. In stage One, we test if the CARs for each sub-sample are significantly different from zero. Second we determine if the CARs are different between the sub-samples of matched pairs.

The results of the stage one for the post 2001 show that with the exception of the CAR of good news announcements based on Mean model in Table 5-14, the CAR of good news announcements based on Market model and the CAR based on Market Adjusted Returns model in Table 5-15, the CARs are significantly different from zero. For bad news announcements, with the exception of A-shares' CAR based on Mean model in Table 5-16, the CARs are significantly different from zero.

For stage two, we determine if the CARs are different between the sub-samples of matched pairs. The results of matched pairs tests are shown in Table 5-28 and Table 5-29 for good news announcements and in Table 5-30 and Table 5-31 for bad news announcements.

Table 5-31 shows that the mean CAR of bad news announcements for A of AB-shares is greater than that of B of AB-shares in the Shenzhen market and the t-statistic is 2.22, which is significant at P of 0.016. The results do not support that the earnings response of the B-shares based on IAS should be greater than the earnings response of the A-shares based on Chinese GAAP. Therefore, $H4D_0$ should not be rejected.

The results of Table 5-28, Table 5-29 and Table 5-30 tables show that with the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, there is no difference between the mean CAR for A of AB-shares and B of AB-shares. Therefore, $H4A_0$, $H4B_0$ and $H4C_0$ should not be all rejected.

The results of Hypotheses Four do not support that the earnings response of the B-shares based on IAS should be greater than the earnings response of the A-shares based on Chinese GAAP. This finding of Hypotheses Four is consistent with the governance argument discussed in Section 3.3.4.1, which is that the A-shares price premiums can be interpreted that Chinese investors view Chinese governance standards as better

standards when compared to Western governance standards, and the A-shares market views earnings announcements as more reliable than does the B-shares market.

Table 5-33 presents a summary of Hypothesis Four. Detailed computation of abnormal returns and cumulative average residuals are presented in Appendices 7-28.

TABLE 5-33: SUMMARY OF HYPOTHESIS FOUR

Hypothesis Four	Result
H4A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	Do not Reject
H4A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$	Reject
H4B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	Do not Reject
H4B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$	Reject
H4C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	Do not Reject
H4C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$	Reject
H4D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	Do not Reject
H4D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$	Reject

5.4 SENSITIVITY ANALYSIS

The use of daily data in event studies is important for isolating stock price reactions to announcements. However it involves a number of potential problems. Many studies have found evidence of biased betas caused by the length of the period and thin trading. Fabozzi and Francis (1978) find evidence to suggest that beta coefficients estimated from historical returns via OLS regression may be a random coefficient and it may vary considerably from period to period. The sensitivity analysis of this study focuses on four potential problems including volatility, estimation period, beta stability and infrequently trading.

5.4.1 VOLATILITY

The individual security standard deviation (return variance) yielded from the estimation period, is an important input in calculating the test statistic in an event study.

To determine a reasonable range of standard deviations, this study estimated daily standard deviations for the sample securities from 1990 to 2003. Each stock's standard deviation was calculated and the mean daily standard deviation for the sample stocks are summarised in Table 5-34 as follows.

TABLE 5-34: THE MEAN DAILY STANDARD DEVIATION

Type of Share	N	Model	Mean Standard Deviation	Skewness	Kurtosis
Shanghai A shares	364	Market Model	0.0174	0.3533	-0.4149
		Mean Model	0.0232	0.2702	0.0780
		Market adjusted returns	0.0178	0.4329	-0.3219
Shanghai AB shares	182	Market Model	0.0191	0.5811	-0.1947
		Mean Model	0.0248	0.5686	-0.0319
		Market adjusted returns	0.0194	0.6135	-0.1192
Shanghai B of AB shares	182	Market Model	0.0271	0.7291	1.1356
		Mean Model	0.0314	0.7447	0.9542
		Market adjusted returns	0.0271	0.7016	1.0717
Shenzhen A shares	360	Market Model	0.0170	0.5749	-0.2165
		Mean Model	0.0233	0.5176	-0.0570
		Market adjusted returns	0.0174	0.5469	-0.2661
Shenzhen AB shares	180	Market Model	0.0182	0.4944	-0.1983
		Mean Model	0.0242	0.4443	0.2083
		Market adjusted returns	0.0186	0.5175	-0.1736
Shenzhen B of AB shares	180	Market Model	0.0256	0.2810	-0.7342
		Mean Model	0.0301	0.2952	-0.8067
		Market adjusted returns	0.0256	0.2583	-0.7759

From Table 5-34, there is small variation across each type of share in the Shanghai and Shenzhen stock Exchanges. The mean standard deviations range from 0.0174 to 0.0256 based on Market model. These values are lower than the value of 0.026 reported by Brown and Warner (1985) for NYSE/AMEX firms, the value of 0.035 reported by Campbell and Wesley (1993) for NASDAQ firms and the value of 0.053 reported by Kothari and Warner (2004) for all CRSP listed firms from 1990 to 2002.

The differences reflect that the sample individual stocks of the Chinese market in this study are less volatile. This is extremely relevant because it implies that the power to detect abnormal performance for events over 1990-2003 is higher than for the above findings.

5.4.2 DISTRIBUTION

The t-tests assume normality of the CARs. Some researches argue that the F distribution better characterises the distribution of the CARs. The results presented in the t-tests were confirmed using a one way ANOVA. These results are presented in Appendices 5 and 6.

5.4.3 ESTIMATION PERIOD

In the event study literature, the day 0 excess returns variance is sometimes corrected for prediction error. Although this is theoretically correct, the importance of a prediction correction declines when the estimation period lengthens. Brown and Warner (1985) use a 239-days estimation period and find that a variance correction for prediction error does not affect the results of their simulation experiments. Corrado and Zivney (1992) conclude that for sample periods longer than 100 days, the presence or absence of a variance correction for prediction error does not materially affect statistical inferences in event studies.

In this study, the estimation period is 219 days, which is longer than 100 days and therefore the results should not be affected in accordance with the finding of Corrado and Zivney (1992).

5.4.4 BETA STABILITY

Beta represents the sensitivity of an individual security to market movements, which measures the risk of a particular investment or sector in relationship to the current market conditions. A stock beta of 1 indicates a strong correlation between an individual stock and the market direction. A stock beta greater than 1 indicates that the price of the given security tends to move in a manner more volatile than the market. On the other hand, a stock beta less than 1 means that the price of a stock moves in a manner less volatile than the market.

The mean beta estimate of sample individual securities in this study range from 0.9195 to 1.1167. Table 5-35 presents a summary of mean beta estimate for the test period and Table 5-36 exhibits a summary of the sample's mean beta by industry.

The average betas of all types of shares in both Shanghai and Shenzhen Exchanges are not significantly different from 1 at the 0.01 level of significance with the Value-Weighted Index. Thus the selection procedure of this study is not somehow biased toward including high risk securities (Brown and Warner, 1980, Jarnecic et al., 1997).

TABLE 5-35: SUMMARY OF MEAN BETA ESTIMATE (VALUE-WEIGHTED INDEX)

Type of Shares	Year	1999	2000	2001	2002	2003
Shanghai A	Mean estimate of β	1.0189	0.9947	1.0827	1.0533	0.9195
	Standard deviation	0.1970	0.2518	0.2568	0.2531	0.3002
Shanghai A of AB	Mean estimate of β	0.9592	1.1167	1.1456	1.0925	0.9345
	Standard deviation	0.1974	0.2332	0.1583	0.1917	0.2658
Shenzhen A	Mean estimate of β	0.9872	1.0427	1.0502	1.0699	1.0453
	Standard deviation	0.2025	0.2767	0.2282	0.2798	0.3329
Shenzhen A of AB	Mean estimate of β	0.9255	1.0580	1.0038	1.1072	1.1075
	Standard deviation	0.2647	0.2752	0.2267	0.2556	0.3512

TABLE 5-36: SAMPLE MEAN ESTIMATE OF BETA BY INDUSTRY

Type of Shares	Shanghai A Shares	Shanghai AB Shares	Shenzhen A Shares	Shenzhen AB Shares
Industry / Year	1999-2003	1999-2003	1999-2003	1999-2003
Air Transportation	1.096	1.162		
Beverages			0.935	1.016
Chemical Fibre Manufacturing	1.101	0.973	1.161	
Communications & Related Equipment Manufacturing	1.139	1.197		
Computer Application Service	1.167	0.901		
Conglomerates			1.151	1.114
Consumer Electronics Manufacturing	0.992		1.215	1.172
Electric Power, Steam & Hot Water & Supply	1.017	0.967	1.040	0.824
Electrical Machinery and Equipment Manufacturing	1.015	1.021	1.054	1.039
Electronic Components and Appliance	1.163	1.320	1.128	1.146
Estate Development and Operation	1.090	1.135	1.255	1.270
Ferrous Metal Smelting and Extruding			0.802	1.061
Food Processing	1.048	1.119		
Garment and Other Fabric Products Manufacturing	0.795	1.091		
General Machinery Manufacturing	0.896	1.001	1.121	1.110
Hotels	1.037	1.210	1.253	0.792
Information Services	0.927	1.043		
Instruments and Appearance, Manufacturing	1.154	1.048	0.948	0.809
Medicine Manufacturing	0.892		1.009	1.139
Metal Products			0.981	1.012
Non-metallic Mineral Products	0.842	0.960	1.020	1.010
Other Manufacturing	1.060	1.052	1.147	0.780
Paper and Allied Products			0.570	0.818
Public Facilities Services	0.969			
Raw Chemical Materials and Chemical Products	0.970		1.211	1.156
Retail Trade	1.126	0.948		
Rubber Manufacturing		1.022		
Support Service for Transportation	1.046		0.978	1.049
Special Equipment Manufacturing		1.051		
Textile			0.856	1.067
Tourism	0.857	1.049		
Trade Brokers and Agents	0.834	1.043		
Transportation Equipment Manufacturing	0.907	0.780	1.033	0.952
Water Generation and Supply	1.086			
Wholesale of Energy & Machine Electric Equipment			0.491	

5.4.5 INFREQUENT TRADING

A potential problem with the use of daily returns is that thin trading may cause severely biased beta estimates yielded from OLS and statistical tests to be poorly specified. Scholes and Williams (1977) suggest that OLS may produce biased beta estimates when stocks do not trade at the same level of frequency as the market index (Brooks et al., 1994, Cowan and Sergeant, 1996).

The cause of bias is that share prices recorded at the end of a time period represent the outcome of a transaction which occurred prior to the period. Fisher (1966) pointed out that this causes an index constructed from such share price data to be an average of the temporally ordered underlying values of the shares. Consequently, positive serial correlation is induced into returns which are calculated from the index and the estimated variance of returns on the index is biased downward (Dimson, 1979, Roll, 1981, Fowler and Rorke, 1983).

The restrictions on ownership and the non-convertible Chinese currency have resulted in a thin and illiquid B-share market. In this study, the thin trading problem was found for B-shares of both SHSE and SZSE stock exchanges. To overcome the thin trading problem, β yielded from the estimation period of the A-share in an A and B-share company was used for its B-share.

5.5 SUMMARY OF THE FINDINGS

As stated in Section 5.1, the findings of the descriptive statistics and Hypotheses are summarised as follows:

- (a) The descriptive statistics presented in this chapter show the relaxation of B-share trading restriction did not eliminate the A-shares price premiums, but it reduced from a level around 80% to 50% on both Shanghai and Shenzhen markets. This finding is consistent with the finding of Mei et al.(2004). The implication of this finding suggests that the Chinese markets remain segmented after the relaxation of restrictions on purchase of B-shares by domestic investors in 2001. However, this finding is not consistent with the results of Hypothesis Three.
- (b) The impact of relaxation of the B-share trading restriction in 2001 was significant on both Shanghai and Shenzhen markets. B-shares' stock price and PE ratio were boosted in 2000. For example, Shanghai B of AB sample mean stock price increased by 290% , Shenzhen B of AB sample mean stock price increased by 78%, Shanghai A of AB sample mean share price increased by

19% and Shenzhen A of AB sample mean share price increased by 10% in 2000.

- (c) Mixed results were found for the test of Hypothesis One when controlling for good news and bad news and for the market in which the shares are traded. For the Shanghai Market, there is no significant difference between the CARs of the A of AB-shares compared with those of the A-shares for the good news portfolio while there is a significant difference for the bad news portfolio. Conversely, the Shenzhen market shows a significant difference between the CARs of the A of AB-shares compared with those of the A-shares for good news announcements but no significant difference for bad news announcements.

Due to the effect of the relaxation of B-shares trading restriction on AB-shares' share prices in 2000, the results of Hypotheses One for the pre 2001 period could be invalid and inconclusive.

- (d) For the post 2001 period, the results of Hypotheses One do not support that a better governance structure such as board independence, accounting standards, audit quality, and ownership of stocks of A of AB-shares will result in significantly greater earnings response.

Furthermore, the results of Hypotheses One indicate that the governance structure do not have the same effect for the pre and post 2001 periods. The effect of the relaxation of B-shares trading restriction on AB-shares' share prices might provide an invalid testing result for the pre 2001 period and therefore it is difficult to justify the different effects of the governance structure between the pre and post 2001 periods.

- (e) With the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, the earning response of the B-share of AB-shares is greater than the earnings response of the A-share of AB-shares within an AB-shares company. The results of Hypothesis Two suggest that the Chinese stock markets were segmented prior 2001. This finding is

consistent with the findings of Gao and Tse (2004), Mei et al.(2004), Yang and Lau (2005).

- (f) With the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, the results of Hypothesis Three suggest that the Chinese stock markets cease to exist after the post 2001 period.
- (g) The results of Hypothesis Four show that with the exception of the earnings response to a bad news announcement of the B-share of AB-shares in the Shenzhen market, there is no difference between the mean CAR for A of AB-shares and B of AB-shares. The results of Hypotheses Four do not support that the earnings response of the B-shares based on IAS should be greater than the earnings response of the A-shares based on Chinese GAAP. This finding is consistent with the governance argument discussed in Section 3.3.4.1 of Chapter Three, which is that the A-shares price premiums can be interpreted that Chinese investors view Chinese governance standards as better standards when compared to Western governance standards, and the A-shares market views earnings announcements as more reliable than the B-shares market.

Summary of Hypotheses and results is presented in Table 5-37 as follows.

TABLE 5-37: SUMMARY OF HYPOTHESES AND RESULTS

Hypothesis One: For the pre 2001 period, due to a better governance structure in an AB-shares company, the earnings response of the A-share of an AB-shares company should be greater than the earnings response of the A-share of an A-share only company.		Result
H1A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$		Do not Reject
H1A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$		Reject
H1B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$		Reject
H1B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$		Do not Reject
H1C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$		Reject
H1C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$		Do not Reject
H1D₀: $CAR_{bad\ news,\ A\ of\ A,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$		Do not Reject
H1D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$		Reject
For the post 2001 period, due to a better governance structure in an AB-shares company, the earnings response of the A-share of an AB-shares company should be greater than the earnings response of the A-share of an A-share only company.		Result
H1E₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A,\ SHSE}$		Do not Reject
H1E₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} > CAR_{good\ news,\ A,\ SHSE}$		Reject
H1F₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A,\ SZSE}$		Do not Reject
H1F₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} > CAR_{good\ news,\ A,\ SZSE}$		Reject
H1G₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A,\ SHSE}$		Do not Reject
H1G₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A,\ SHSE}$		Reject
H1H₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A,\ SZSE}$		Do not Reject
H1H₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A,\ SZSE}$		Reject
Hypothesis Two: If the Chinese stock markets are segmented prior 2001, the earnings response of the B-share of AB-shares should be greater than the earnings response of the A-share of AB-shares within an AB-shares company.		Result
H2A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$		Reject
H2A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$		Do not Reject
H2B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$		Reject
H2B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$		Do not Reject
H2C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$		Reject
H2C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$		Do not Reject
H2D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$		Do not Reject
H2D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$		Reject

Hypothesis Three: If the Chinese stock markets are segmented for the post 2001 period, the earnings response of the A-share of an AB-shares company should be different to the earnings response of the B-share of an AB-shares company.		Result
H3A₀: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} = CAR_{good\ news,\ B\ of\ AB,\ SHSE}$		Do not Reject
H3A₁: $CAR_{good\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SHSE}$		Reject
H3B₀: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} = CAR_{good\ news,\ B\ of\ AB,\ SZSE}$		Do not Reject
H3B₁: $CAR_{good\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{good\ news,\ B\ of\ AB,\ SZSE}$		Reject
H3C₀: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} = CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$		Do not Reject
H3C₁: $CAR_{bad\ news,\ A\ of\ AB,\ SHSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SHSE}$		Reject
H3D₀: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} = CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$		Reject
H3D₁: $CAR_{bad\ news,\ A\ of\ AB,\ SZSE} \neq CAR_{bad\ news,\ B\ of\ AB,\ SZSE}$		Do not Reject
Hypothesis Four: The earnings response of the B-share of an AB-shares company should be greater than the earnings response of the A-share of an AB-shares company for the period of 2001 to 2003.		Result
H4A₀: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SHSE}$		Do not Reject
H4A₁: $CAR_{good\ news,\ B\ of\ AB,\ SHSE} > CAR_{good\ news,\ A\ of\ AB,\ SHSE}$		Reject
H4B₀: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{good\ news,\ A\ of\ AB,\ SZSE}$		Do not Reject
H4B₁: $CAR_{good\ news,\ B\ of\ AB,\ SZSE} > CAR_{good\ news,\ A\ of\ AB,\ SZSE}$		Reject
H4C₀: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$		Do not Reject
H4C₁: $CAR_{bad\ news,\ B\ of\ AB,\ SHSE} > CAR_{bad\ news,\ A\ of\ AB,\ SHSE}$		Reject
H4D₀: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} \leq CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$		Do not Reject
H4D₁: $CAR_{bad\ news,\ B\ of\ AB,\ SZSE} > CAR_{bad\ news,\ A\ of\ AB,\ SZSE}$		Reject

TABLE 5-38: SUMMARY OF PROPOSITIONS, HYPOTHESES AND FINDINGS

<i>Proposition</i>	<i>Hypothesis</i>	<i>Finding/References</i>
<p>One: If the existence of foreign shareholders is positively associated with firm performance, AB-shares firms should perform better than A-shares firms.</p> <p>Two: The market reaction to earnings announcements by AB-shares firms will result in significantly greater positive returns relative to returns resulting from earnings announcements of A-shares firms.</p> <p>Three: B-shares' financial statements audited by international CPAs have higher credibility and value-relevance than A-shares firms' financial statements audited by Chinese CPAs.</p>	<p>Hypothesis One: For the pre 2001 period, due to a better governance structure in an AB-shares company, the earnings response of the A-share of an AB-shares company should be greater than the earning response of the A-share of an A-share only company.</p> <p>For the post 2001 period, due to a better governance structure in an AB-shares company, the earnings response of the A-share of an AB-shares company should be greater than the earnings response of the A-share of an A-share only company.</p>	<p>Inconclusive Table: 5-22</p> <p>Rejected Table: 5-22</p>
<p>Four (a): If the Chinese stock markets are segmented prior 2001, the earnings response to the B-share of AB-shares should be greater than the earnings response of the A-share of AB-shares within an AB-shares company.</p>	<p>Hypothesis Two: If the Chinese stock markets are segmented prior 2001, the earnings response to the B-share of AB-shares should be greater than the earnings response of the A-share of AB-shares within an AB-shares company</p>	<p>Supported Table: 5-27</p>
<p>Four (b): If the Chinese stock markets are not segmented for the post 2001 period, the earnings response to of the A-share of an AB-shares company should be no different to the earnings response of the B-share of an AB shares company.</p>	<p>Hypothesis Three: If the Chinese stock markets are segmented for the post 2001, the earnings response to of the A-share of an AB-shares company should be different to the earnings response of the B-share of an AB shares company.</p>	<p>Supported Table: 5-32</p>
<p>Five: The market response to earnings based on IAS should be greater than earnings produced under Chinese GAAP for the period of 2001-2003.</p>	<p>Hypothesis Four: The earnings response of the B-share of an AB-shares company should be greater than the earnings response of the A-share of an AB-shares company for the period of 2001 to 2003.</p>	<p>Rejected Table: 5-33</p>

6. CONCLUSIONS AND DISCUSSION

6.1 INTRODUCTION

This chapter presents a discussion of the research, its conclusions, limitations, and the implications for future research and practice. Sections 6.2 and 6.3 provide a summary of the research objectives and the research conclusions respectively. Limitations of the research in terms of the validity of the results are examined in Section 6.4. Section 6.5 discusses the implications of this study for regulation, practice, education, and future research.

6.2 SUMMARY OF RESEARCH AND CONCLUSION

The primary objective of this research was to examine the role of corporate governance in the performance of publicly listed corporations. The normative research suggests that stronger corporate governance should lead to better market performance and a firm's governance practice should have a positive effect on its market value. However, there are contradictory findings in this area (DeAngelo, 1988, Alcouffe and Alcouffe, 2000, Peng et al., 2003, Bai et al., 2004).

The empirical research attempting to relate a particular aspect of governance, such as board characteristics, shareholders' activism and compensation to outside directors, has either not supported the link between governance attributes and performance or at best given conflicting results (Diacon and O'Sullivan, 1995, Coles et al., 2001).

This study used the unique characteristics of the Chinese capital markets to assess the impact of governance on firm performance. The existence of the B-shares of Chinese companies that are bound to Western governance standards allows a direct comparison with the A-shares of Chinese companies adhering to traditional Chinese governance practices.

The five propositions presented in Chapter Three argue for a series of relationships between corporate governance and the response by the market to a company's earnings. An event study methodology was developed to test these relationships, as it allows us to

isolate differences in market return that may be attributable to governance. Due to the significant differences in the market price between the B-share and A-share of the same company, the event study was preferred because it controls for all variables except earnings and governance.

The study covers the reporting period from 1st of January 1999 to 31st December 2003. On February 2001 the Chinese government relaxed the restriction on local ownership of B-shares. Data was collected pre the change from 1999 to 2000 and post the change from 2001 to 2003. The securities were selected from the population of all AB-share securities of SHSE and SZSE, for which daily return data was available.

This study used the abnormal returns (CAR- Cumulative Average Residuals) to measure the impact of governance on the performance of shares. Hypotheses were tested using cumulative average residuals computed based on three return-generating models, Market Model, Market-Adjusted Returns Model and Mean-Adjusted Returns Model.

Proposition One to Three use Hypothesis One to test the market response to earnings for the period of 1999 to 2003. Three of the primary differences in governance between China and Western standards are accounting standards, audit quality and ownership of stocks. The event study method does not allow us to identify the relative contribution of each variable. Hence Hypothesis One tests the contribution of all three governance variables to the perceived reliability of earnings. Due to the relaxation of B-shares trading restriction in 2001, Hypothesis One also tests whether the governance structure have the same effect for the pre and post 2001 periods.

Proposition Four (a) in relation to A-shares premium uses Hypothesis Two to test whether the A-shares market views earnings announcements as more reliable than the B-shares market for the pre 2001 period. Proposition Four (b) related to market segmentation uses Hypothesis Three to examine whether Chinese markets are not segmented for the post 2001 period. Proposition Five related to accounting standards use Hypothesis Four to test whether investors react differently to earning announcements based on IAS and earnings announcements based on Chinese GAAP.

The results of Hypotheses One suggest that the impact of governance structure on market reactions to earnings is not significant for both the pre 2001 period and the post 2001 period. The effect of these structural factors for the pre 2001 period is greater than the effect for the post 2001 period. However, these effects are not significant. The findings do not support that a better governance structure of A of AB-shares will result in greater returns.

The findings of Hypothesis Two and Three suggest that the Chinese stock markets were segmented for the pre 2001 period and market segmentation cease to exist for the post 2001 period.

The results of Hypothesis Four indicate that there is no difference between market reactions to the earnings of B-shares based on IAS and market reactions to the earnings of A-shares based on Chinese GAAP. Table 5-37 provides a summary of the study's propositions, hypotheses and key findings.

The overall conclusion is that the use of international governance standards makes no significant difference to market reactions to accounting information. Contrary to expectation, there is no statistical support for the superior reliability of earnings information provided using International Accounting Standards. One possible explanation for the results is that the security provided by the government's involvement in the control of management. This situation may be equally effective in mitigating the agency costs normally accepted as existing in the manager / shareholder relationship.

6.3 LIMITATIONS

Potential limitations of the research must be acknowledged when interpreting the results of this study. These limitations relate primarily to threats to the validity of the research. There are two components of validity that have been identified. These components are external and internal validity. These components of validity can be used as criteria to see if a particular study is valid (Campbell and Stanley, 1963, Cook and Campbell, 1979).

6.3.1 INTERNAL VALIDITY

Internal validity relates to the adequacy of the research design and the degree of control in data gathering. Good internal validity is insured by application of the concept of control (Pedhazur and Schmelkin, 1991). By control we mean that only the effects of the independent variables are assessed against the dependent variable.

In evaluating the internal validity of this study, six major factors of the concept of control relating to this study were examined.

1. Treatment

As stated in Section 4.4, the samples of this study were divided into two groups, “good news” and “bad news”, in accordance with sample’s earnings per share. The threat of treatment to internal validity has been minimised through the identical treatment provided to each group during the study.

2. Statistical conclusion validity

Sample size is also a concern in terms of statistical conclusion validity which relates to the probability that the statistical results are representative of the actual relationships within the data set. The problem of low statistical power due to small sample size is addressed in this study by pooling the data. Due to the small number of AB-shares’ firms listed on both Shanghai and Shenzhen Stock Exchanges, all A and B-shares firms were selected, for which daily return data were available during the test period.

3. Selection Bias

A major control in research design rests with random selection of the samples. The use of a matched pair design precluded random selection.

6.3.2 EXTERNAL VALIDITY

External validity refers to generalisability of findings across populations, settings and times. Questions regarding specific threats to external validity depend on the specifics of a study and the kind of generalisations the research wishes to make. Two potential threats to external validity in this study are the representation of the sample selection and sample size.

Generally speaking a non-random sample reduces the external validity, as it might not be representative of a larger population and will not generalise (Marion, 2004). This study examined whether market reacts differently to two types of shares, A-shares and B of AB-shares companies, in the Chinese markets. As the sample size of B of AB shares is small, a random sample is not necessary. However, the threats of sample selection and sample size to external validity have been minimised through the selection of all B of AB shares, for which daily return data was available. In addition, two A-shares companies were selected to provide a control comparison between A and B-shares. The control sample was matched on industry, total assets and number of shares.

6.4 IMPLICATIONS FOR THE RESEARCH

The findings of this research have implications for regulation, practice, theory, as well as suggesting directions for possible further research. First, the study needs to be expanded to determine if the maturing of the Chinese market changes the earnings governance relationship. Second, although the differences between Chinese standards and IAS did not result in significantly different CAR. The existence of the two forms of accounts should allow us to refine the experimental designs to identify which, if any, of the differences between the two standards impact on market reactions. Third, one unique characteristic of the A and B-shares markets is that trading in B-shares is thin while trading in A-shares counterpart is not. This produces a perfect environment to test which adjustments for thin trading match the beta in the B-share with the beta for the A of AB- shares.

6.4.1 IMPLICATIONS FOR REGULATION

The results of the research provide evidence to support ongoing regulatory activities aimed at effectively monitoring financial reporting and improving corporate governance practices. Authorities involved in regulating corporate governance can use this study as empirical evidence to support development of regulations and recommendations. Stock exchanges can employ this study to evaluate the current disclosure requirement of corporate governance practices.

Any move to harmonise corporate governance practices around the globe requires evidence that corporate governance systems are effective.

New corporate governance regulations and revisions of existing corporate governance rules would be based on evidence from empirical studies rather than politically motivated debates. Empirically supporting the importance of corporate governance's role would prove that the benefits of imposing governance regulations on firms outweigh the costs; and provide regulators with sufficient justification to impose additional corporate governance requirements.

6.4.2 IMPLICATIONS FOR PRACTICE

This research can assist investors in their evaluation of the potential risks associated with the style of corporate governance practiced by a firm. Evidence from this research assists investors in evaluating the market's perception of corporate governance.

Practitioners must take into account the market's potential reaction to corporate governance. The results of the study provide market participants with guidance in knowing which factors to take into account when evaluating firms' financial performance.

Corporate governance is related to issues concerning the structure of the corporation, such as shareholdings, boards, and board committees. The results should highlight the importance of corporate governance practices. Corporations need to satisfy shareholders

and attract potential investors. Measuring the impact of corporate governance practices on market's response to accounting earnings enables corporations to evaluate the efficiency of corporate governance monitoring in enhancing the reliability and the information content of the end product, being the financial reports. Once shareholders are able to obtain reliable information about corporate performance, their response to financial performance measures becomes greater.

6.4.3 IMPLICATIONS FOR THEORY

No accounting or finance theory provides a formal link between corporate governance and the share return. The empirical research has either not supported the link between governance attributes and performance or at best given conflicting results. Some of these conflicting findings may be the result of methodological issues. For example, in times of economic growth, the impact of governance may be masked by the general increases in performance. It is also extremely difficult to construct a matched pair design that allows the effects of governance to be assessed.

This study uses the unique characteristics of the Chinese capital markets to assess the impact of governance on firm performance. The existence of a subset of Chinese companies that are bound to "Western" governance standards allows a direct comparison with those companies adhering to traditional Chinese governance practices. It builds on and extends previous studies that focus on the relationship between governance attributes and the firm's performance.

6.4.4 IMPLICATIONS FOR FUTURE RESEARCH

The existence of the legal entity as a monitoring device may explain the difference in the market price response to earnings. If the legal entities play a significant monitoring role, and less of these firms are present in the ownership structure of B-share firms, the market may place less reliance on the earnings of these firms than if they had a more traditional Chinese ownership structure.

6.5 SUMMARY

The chapter summarised and concluded the study. It discussed the limitations of the research by addressing the common threats to research validity. Furthermore, it presented the major contributions of the research in terms of regulatory, practical, theoretical, and research implications. The study links corporate governance attributes and firm performance by examining the impact of corporate governance on stock returns.

The findings of this study suggest that the market response on the impact of governance attributes such as, board independence, accounting standards, audit quality and ownership of stocks is not significant in the Chinese markets.

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APPENDICES

APPENDIX 1: LIST OF SELECTED COMPANIES - SHANGHAI A-SHARES

Company Code	Company Name
600003	NORTHEAST EXPRESSWAY COMPANY CO.,LTD.
600055	BEIJING WANDONG MEDICAL EQUIPMENT CO.,LTD.
600057	XIAMEN XIAXIN ELECTRONICS CO.,LTD.
600060	HISENSE ELECTIRC COMPANY LIMITED
600061	SINOTEX INVESTMENT & DEVELOPMENT CO.,LTD.
600063	ANHUI WANWEI UPDATED HIGH-TECH MATERLAL INDUSTRY COMPANY LTD
600064	NANJING XINGANG HIGH-TECH COMPANY LIMITED
600066	ZHENGZHOU YUTONG COACH MANUFACTURING CO.,LTD.
600071	PHENIX OPTICAL COMPANY LIMITED
600072	JIANGNAN HEAVY INDUSTRY CO., LTD.
600076	WEIFANG BEIDA JADE BIRD HUAGUANG TECHNOLOGY CO.,LTD.
600081	DONGFENG MOTOR ELECTRONIC INSTRUMENT CO.,LTD.
600086	HUBEI DUOJIA CO., LTD.
600099	LINHAI CO.,LTD.
600100	TSINGHUA TONGFANG CO.,LTD.
600105	JIANGSU YONGDING COMPANY LIMITED
600107	HUBEI MAILYARD SHARE CO.,LTD.
600110	CHANGCHUN HEAT-SHRINKABLE MATERIALS CO.,LTD.
600115	CHINA EASTERN AIRLINES CORPORATION LIMITED.
600118	CHINA PAN-TOURISM INDUSTRY DEVELOPMENT CO.,LTD.
600120	ZHEJIANG ORIENT HOLDINGS CO.,LTD.
600128	JIANGSU ARTS & CRAFTS IMP.& EXP. GROUP CORPORATION
600138	CHINA CYTS TOURS HOLDING CO.,LTD
600151	SHANGHAI AEROSPACE AUTOMOBILE ELECTROMECHANICAL CO.,LTD.
600162	SHANDONG LINYI ENGINEERING MACHINERY STOCK CO.,LTD.
600166	BEI QI FU TIAN VEHICLE CO.,LTD.
600168	WUHAN SANZHEN INDUSTRY HOLDING CO.,LTD.
600171	SHANGHAI BELLING CO.,LTD.
600175	HAINAN BAOHUA INDUSTRY SHARE CO.,LTD.
600177	YOUNGOR GROUP CO.,LTD.
600183	DONGGUAN SHENGYI COPPER CLAD LAMINATE CO.,LTD.
600192	LANZHOU CHANGCHENG ELECTRICIAN CO.,LTD.
600195	CHINA ANIMAL HUSBANDRY INDUSTRY CO.,LTD.
600198	DATANG TELECOM TECHNOLOGY CO.,LTD.
600218	ANHUI QUANCHAI ENGINE CO.,LTD.
600603	SHANGHAI XINGYE HOUSING CO., LTD.
600633	SHANGHAI SHUANGLU ELECTRIC APPLANCES CO.,LTD.
600634	SHANGHAI ALBATRONICS CO., LTD.
600638	SHANGHAI NEW HUANG PU REAL ESTATE CO.,LTD.
600640	UNICOM GUOMAI COMMUNICATIONS CO.,LTD
600660	FUJIAN YAOHUA GLASS INDUSTRY CO., LTD.
600662	SHANGHAI QIANGSHENG TAXI CO.,LTD.
600664	HARBIN PHARMACEUTICAL CO.,LTD.
600666	SOUTHWEST PHARMACEUTICAL CO., LTD.
600667	WUXI TAIJI INDUSTRY LTD. CORPORATION
600668	ZHEJIANG JIANFENG GROUP CO., LTD.
600673	CHENGDU MEASURING & CUTTING TOOLS CO., LTD.
600675	CHINA ENTERPRISE STOCK CO., LTD.
600684	GUANGZHOU PEARL RIVER INDUSTRIAL DEVELOPMENT CO., LTD.
600686	XIAMEN MOTOR CO., LTD.
600699	LIAOYUAN DEHENG CO., LTD.
600717	TIANJIN PORT (GROUP) CO.,LTD.
600718	SHENYANG NEU-ALPINE CO., LTD.
600722	CANGZHOU CHEMICAL INDUSTRY CO., LTD.
600727	SHANDONG LUBEI CHEMICAL CO.,LTD.
600736	SUZHOU HI & NEW-TECH INDUSTRY DEVELOPMENT AREA CO.,LTD.
600737	XINJIANG TUNHE CO., LTD.
600741	SHANGHAI BUS INDUSTRIAL CO., LTD.
600744	HUNAN HUAYIN ELECTRIC POWER CO., LTD.
600745	HUANGSHI KANGSAI GROUP JOINT-STOCK CO., LTD.
600775	NANJING PANDA ELECTRONICS CO., LTD.
600800	TIANJIN GLOBAL MAGNETIC CARD CO.,LTD.
600802	FUJIAN CEMENT STOCK CO.,LTD.
600810	SHENMA INDUSTRY CO., LTD.
600821	TIANJIN QUANYE BAZAAR CO., LTD.
600823	SHANGHAI WAN XIANG GROUP CO., LTD.
600831	HUANGHE MACHINERY AND ELECTRONICS CO.,LTD.
600843	SHANGGONG CO.,LTD.
600854	JIANGSU CHUNLAN REFRIGERATING EQUIPMENT CO.,LTD.
600862	TONMAC INTERNATIONAL CO.,LTD.
600863	INNER MONGOLIA MENGDIAN HUANENG THERMAL POWER CO.,LTD.
600873	TIBET PEARL STAR CO.,LTD.
600875	DONGFANG ELECTRICAL MACHINERY CO.,LTD.
600879	LONG MARCH LAUNCH VEHICLE TECHNOLOGY CO.,LTD
600880	CHENGDU B-RAY MEDIA CO.,LTD.
600884	NINGBO FIRS LTD. LIABILITY CO.
600889	NANJING CHEMICAL FIBRE CO.,LTD.
600893	JILIN PROVINCE JIFA AGRICULTURAL DEVELOPMENT GROUP CO.,LTD.
600897	XIAMEN AIRPORT DEVELOPMENT CO.,LTD.

APPENDIX 2: LIST OF SELECTED COMPANIES - SHANGHAI A OF AB-SHARES

A of AB shares Company Code	B of AB shares Company Code	Company Name
600054	900942	HUANGSHAN TOURISM DEVELOPMENT CO.,LTD.
600094	900940	SHANGHAI WORLDBEST CO.,LTD.
600190	900952	JINZHOU HARBOUR (GROUP) CO.,LTD.
600221	900945	HAINAN AIRLINES CO.,LTD.
600272	900943	SHANGHAI KAIKAI INDUSTRIAL CO.,LTD.
600295	900936	INNER MONGOLIA EERDUOSI CASHMERE PRODUCTS CO.,LTD.
600320	900947	SHANGHAI ZHENHUA PORT MACHINERY CO.,LTD.
600555	900955	SHANGHAI MATSUOKA CO.,LTD.
600602	900901	SHANGHAI VACUUM ELECTRON DEVLCS CO., LTD.
600604	900902	SHANGHAI ERFANGJI CO., LTD.
600610	900906	CHINA TEXTILE MACHINERY STOCK LTD.
600611	900903	HUANENG POWER INTERNATIONAL??INC
600612	900905	CHINA FIRST PENCIL CO., LTD.
600613	900904	SHANGHAI WINGSUNG CO.,LTD.
600614	900907	SHANGHAI RUBBER BELT CO., LTD.
600617	900913	SHANGHAI LIAN HUA FIBRE CORPORATION
600618	900908	SHANGHAI CHLOR-ALKI CHEMICAL CO., LTD.
600619	900910	SHANGHAI REFRIGERATOR COMPRESSOR CO., LTD.
600623	900909	SHANGHAI TYRE AND RUBBER CO., LTD.
600639	900911	SHANGHAI JINQIAO EXPORT PROCESSING ZONE DEVELOPMENT CO.
600648	900912	SHANGHAI WAIGAOQIAO FREE TRADE ZONE DEVELOPMENT CO., LTD.
600650	900914	SHANGHAI JIN JIANG TOWER CO., LTD.
600663	900932	SHANGHAI LUJIAZUI FINANCE & TRADE ZONE DEVELOPMENT CO.,LTD.
600679	900916	PHOENIX CO., LTD.
600680	900930	SHANGHAI POSTS & TELECOMMUNICATIONS EQUIPMENT CO.,LTD.
600689	900922	SHANGHAI SANMAO TEXTILE CO., LTD.
600695	900919	SHANGHAI DAJIANG (GROUP) STOCK CO., LTD.
600698	900946	JINAN QINGQI MOTORCYCLE CO., LTD.
600726	900937	HEILONGJIANG ELECTRIC POWER CO.,LTD.
600754	900934	SHANGHAI NEW ASIA(GROUP) CO.,LTD.
600776	900941	EASTERN COMMUNICATIONS CO., LTD.
600801	900933	HUAXIN CEMENT CO.,LTD.
600818	900915	SHANGHAI FOREVER CO.,LTD.
600819	900918	SHANGHAI YAOHUA PILKINGTON GLASS CO., LTD.
600822	900927	SHANGHAI MATERIAL TRADING CENTRE CO., LTD.
600827	900923	SHANGHAI FRIENDSHIP GROUP INCORPORATED COMPANY
600835	900925	SHANGHAI SHANGLING ELECTRIC APPLIANCES CO., LTD.
600841	900920	SHANGHAI DIESEL ENGINE CO.,LTD.
600845	900926	SHANGHAI STEEL TUBE CO.,LTD.
600848	900928	SHANGHAI AUTOMATION INSTRUMENTATION CO.,LTD.

APPENDIX 3: LIST OF SELECTED COMPANIES - SHENZHEN A-SHARES

Company Code	Company Name
000005	SHENZHEN FOUNTAIN CORPORATION
000006	SHENZHEN ZHENYE CO., LTD.
000007	SHENZHEN SEC. DASHENG CORP., LTD.
000009	CHINA BAOAN GROUP CO., LTD.
000027	SHENZHEN ENERGY INVESTMENT CO., LTD.
000031	SHEN ZHEN BAO HENG (GROUP) CO., LTD.
000032	SHENZHEN SED INDUSTRY CO., LTD.
000033	SHEN ZHEN CENTURY PLAZA HOTEL CO., LTD.
000035	CHINA KEJIAN CO., LTD.
000038	SHENZHEN CAPSTONE INDUSTRIAL CO., LTD
000040	SHENZHEN HONGKAI (GROUP) CO., LTD.
000042	SHENZHEN CHANGCHENG ESTATE HOLDING CO., LTD.
000046	GUANGCAI CONSTRUCTION CO.,LTD.
000050	SHENZHEN TIAN MA MICROELECTRONICS CO., LTD.
000060	SHENZHEN ZHONGJIN LINNAN NONFEMET COMPANY LIMITED
000068	SHENZHEN SEG SAMSUNG GLASS CO.,LTD(SSG)
000088	SHENZHEN YAN TIAN PORT HOLDINGS CO.,LTD.
000089	SHENZHEN AIRPORT CO.,LTD.
000400	XJ ELECTRIC CO.,LTD.
000401	TANGSHAN JIDONG CEMENT CO., LTD.
000411	HANG ZHOU KAIDI SILK CO.LTD.
000506	SICHUAN DONG TAI INDUSTRY (HOLDINGS) CO.,LTD.
000522	GUANGZHOU BAIYUNSHAN PHARMACEUTICAL STOCK CO., LTD.
000524	GUANGZHOU DONGFANG HOTEL CO., LTD.
000529	GUANGDONG MEIYA GROUP STOCK CO., LTD.
000533	GUANGDONG MACRO CO., LTD.
000543	WENERGY CO., LTD.
000544	ZHENGZHOU WHITE DOVE GROUP CO., LTD.
000554	SINOPEC SHANDONG TAISHAN PETROLEUM CO.,LTD
000559	WANXIANG QIANCHAO CO.,LTD
000561	CHANG LING (GROUP) CO., LTD.
000568	LUZHOU OLD COLLAR CO., LTD.
000571	HAINAN SUNDIRO MOTORCYCLE CO., LTD.
000573	DONGGUAN WINNERWAY INDUSTRIAL ZONE LTD.
000581	WEIFU HIGH-TECHNOLOGY CO.,LTD
000584	CHENGDU SHUDU MANSION CO., LTD.
000595	XIBEI BEARING CO., LTD.
000596	ANHUI GUJING DISTILLERY CO., LTD.
000601	GUANGDONG SHAONENG GROUP CO., LTD.
000607	CHONGQING HOLLEY SHARE CO. LTD.
000623	JILIN AODONG MEDICINE INDUSTRY (GROUPS)CO.,LTD.
000631	LAN BAO TECHNOLOGY INFORMATION CO.,LTD
000636	FENGHUA ADVANCE TECHNOLOGY (HOLDINGS) CO., LTD.
000651	ZHUHAI GREE ELECTRICAL APPLIANCES INC.
000652	TIANJIN TEDA CO., LTD.
000678	XIANGYANG AUTOMOBILE BEARING SHARE COMPANY,LTD.
000691	HAINAN HUANDAO INDUSTRY CO.,LTD.
000707	HUBEI SHUANGHUAN SCIENCE AND TECHNOLOGY STOCK CO.,LTD
000708	DAYE SPECIAL STEEL CO.,LTD.
000712	GUANGDONG JINTAI DEVELOPING CO.,LTD.
000720	SHANDONG LUNENG TAISHAN CABLE CO.,LTD.
000727	NANJING HUADONG ELECTRONICS GROUP CO.,LTD.
000728	BEIJING HUAER COMPANY LIMITED
000729	BEIJING YANJING BREWERY CO.,LTD.
000733	CHINA ZHENHUA (GROUP) SCIENCE & TECHNOLOGY CO.,LTD.
000738	NAN FANG MOTOR COMPANY LIMITED
000752	LHASA BREWERY CO.,LTD.
000766	TONGHUA GOLDHORSE MEDICINE CO., LTD. JILIN,CHINA
000767	SHANXI ZHANGZE ELECTRIC POWER CO.,LTD.
000776	YANBIAN ROAD CONSTRUCTION CO.,LTD.
000778	XINXING DUCTILE IRON PIPES CO., LTD.
000799	HUNAN JINGUIJIU COMPANY LIMITED
000800	FAW CAR CO.,LTD.
000801	MIANYANG HUSHAN ELECTRONIC CO.,LTD.
000806	BEIHAI YINHE HI-TECH INDUSTRIAL CO.,LTD.
000810	SICHUAN JINHUA CO.,LTD.
000813	XINJIANG TIANSHAN WOOLLEN TEXTILES CO.,LTD.
000823	GUANGDONG GOWORLD CO.,LTD.
000825	SHANXI TAIGANG STAINLESS STEEL CO.,LTD.
000828	GUANGDONG FORTUNE SCIENCE & TECHNOLOGY CO.,LTD.
000848	HEBEI CHENGDE LOLO COMPANY LIMITED
000850	NHUI HUAMAO TEXTILE COMPANY LIMITED
000858	YIBIN WULIANGYE CO.,LTD.
000862	WUZHONG INSTRUMENT CO., LTD.
000890	JIANGSU FASTEN CO., LTD.
000905	XIAMEN ROAD & BRIDGE CO.,LTD.
000906	SOUTHERN BUILDING MATERIALS CO.,LTD.
000916	HUABEI EXPRESSWAY CO.,LTD.
001696	CHENGDU LIANYI INDUSTRY AND STOCK CO.,LTD.

APPENDIX 4: LIST OF SELECTED COMPANIES - SHENZHEN A OF AB-SHARES

A of AB shares	B of AB shares	Company Name
Company Code	Company Code	
000002	200002	CHINA VANKE CO., LTD.
000011	200011	SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP)LTD.
000012	200012	CHINA SOUTHERN GLASS HOLDING CO., LTD.
000016	200016	SHENZHEN KONKA ELECTRONIC (GROUP) CO., LTD.
000017	200017	SHENZHEN CHINA BICYCLE COMPANY (HOLDINGS) LIMITED
000018	200018	SHENZHEN VICTOR ONWARD TEXTILE INDUSTRIAL CO., LTD.
000019	200019	SHENZHEN SHENBAO INDUSTRIAL CO., LTD.
000020	200020	SHENZHEN HUAFA ELECTRONICS CO., LTD.
000022	200022	SHENZHEN CHIWAN WHARF HOLDINGS LTD.
000024	200024	CHINA MERCHANTS SHEKOU HOLDINGS CO.,LTD.
000025	200025	SHENZHEN TELLUS HOLDINGS CO., LTD.
000026	200026	SHENZHEN FLYTA HOLDINGS LTD.
000028	200028	SHENZHEN HEALTH MINERAL WATER CO., LTD.
000029	200029	SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES
000030	200030	SHENZHEN LIONDA HOLDING CO.,LTD.
000037	200037	SHENZHEN NAN SHAN POWERSTATION CO., LTD.
000039	200039	CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) LTD.
000045	200045	SHENZHEN TEXTILE (HOLDINGS) CO., LTD.
000055	200055	SHENZHEN FANGDA INDUSTRIAL CO., LTD.
000058	200058	SHENZHEN SEG CO.,LTD.
000413	200413	SHIJIAZHANG BAO SHI ELECTRONIC COMPANY LIMITED
000418	200418	WUXI LITTLE SWAN COMPANY LIMITED
000429	200429	GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO., LTD.
000488	200488	SHANDONG CHENMING PAPER HOLDINGS LIMITED
000513	200513	LIVZON PHARMACENTICAL GROUP INC.
000521	200521	HEFEI MEILING CO., LTD.
000530	200530	DALIAN REFRIGERATION CO., LTD.
000539	200539	GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.
000541	200541	FOSHAN ELECTRICAL AND LIGHTING CO.,LTD.
000550	200550	JIANGLING MOTORS CORPORATION CO.,LTD
000553	200553	HUBEI SANONDA CO., LTD.
000596	200596	ANHUI GUJING DISTILLERY CO., LTD.
000613	200613	HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO.,LTD.
000625	200625	CHONGQING CHANGAN AUTOMOBILE COMPANY LIMITED
000725	200725	BEIJING ORIENT ELECTRONICS GROUP CO.,LTD.
000726	200726	LUTHAI TEXTILE JOINT STOCK CO.,LTD.
000761	200761	BENGANG STEEL PLATES CO.,LTD.
000869	200869	YANTAI CHANGYU PIONEER WINE COMPANY LIMITED

APPENDIX 5: SHANGHAI AND SHENZHEN GOOD NEWS ANNOUNCEMENTS 2001-2003 -RESULTS OF ANOVA

Shanghai 2001-2003 Good News Announcement

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	69	-0.718446	-0.010412	0.005863	
B of AB	69	-1.404984	-0.020362	0.005373	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.003415	1	0.003415	0.607953	0.436914 3.910747
Within Groups	0.764046	136	0.005618		
Total	0.767461	137			

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
B of AB	69	-1.404984	-0.020362	0.005373	
A	69	0.405341	0.005875	0.018436	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.023748	1	0.023748	1.994911	0.160113 3.910747
Within Groups	1.619011	136	0.011904		
Total	1.642759	137			

Shenzhen 2001-2003 Good News Announcement

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	77	-0.409997	-0.005325	0.006032	
B of AB	77	-0.601532	-0.007812	0.007966	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.000238	1	0.000238	0.034036	0.853877 3.903366
Within Groups	1.063864	152	0.006999		
Total	1.064102	153			

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
B of AB	77	0.264549	0.003436	0.00882	
A	77	0.40431	0.005251	0.012624	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.000127	1	0.000127	0.01183	0.913533 3.903366
Within Groups	1.629767	152	0.010722		
Total	1.629894	153			

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	69	-0.718446	-0.010412	0.005863	
A	69	0.405341	0.005875	0.018436	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.009151	1	0.009151	0.753244	0.38698 3.910747
Within Groups	1.652312	136	0.012149		
Total	1.661464	137			

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	77	-0.409997	-0.005325	0.006032	
A	77	0.40431	0.005251	0.012624	

ANOVA					
Source of Variation	SS	df	MS	F	P-value F crit
Between Groups	0.004306	1	0.004306	0.461609	0.497906 3.903366
Within Groups	1.417836	152	0.009328		
Total	1.422141	153			

APPENDIX 6: SHANGHAI AND SHENZHEN BAD NEWS ANNOUNCEMENTS 2001-2003 -RESULTS OF ANOVA

Shanghai 2001-2003 Bad News Announcement

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	43	-2.137583	-0.049711	0.009763	
B of AB	43	-3.149402	-0.073242	0.006173	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.011904	1	0.011904	1.494045	0.225009	3.954568
Within Groups	0.669304	84	0.007968			
Total	0.681209	85				

Shenzhen 2001-2003 Bad News Announcement

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	35	-0.982664	-0.028076	0.012165	
B of AB	35	-1.992487	-0.056928	0.008856	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.014568	1	0.014568	1.386023	0.243182	3.981896
Within Groups	0.714711	68	0.01051			
Total	0.729279	69				

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
B of AB	43	-3.149402	-0.073242	0.006173	
A	43	-0.364457	-0.008476	0.006286	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.090185	1	0.090185	14.47689	0.000269	3.954568
Within Groups	0.523286	84	0.00623			
Total	0.613471	85				

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
B of AB	35	-1.992487	-0.056928	0.008856	
A	35	-0.096179	-0.002748	0.008409	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.051371	1	0.051371	5.950899	0.017324	3.981896
Within Groups	0.58701	68	0.008633			
Total	0.638381	69				

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	43	-2.137583	-0.049711	0.009763	
A	43	-0.364457	-0.008476	0.006286	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.036558	1	0.036558	4.555612	0.035726	3.954568
Within Groups	0.674082	84	0.008025			
Total	0.71064	85				

Anova: Single Factor

SUMMARY					
Groups	Count	Sum	Average	Variance	
A of AB	35	-0.982664	-0.028076	0.012165	
A	35	-0.096179	-0.002748	0.008409	

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.011226	1	0.011226	1.09135	0.299872	3.981896
Within Groups	0.695502	68	0.010287			
Total	0.710729	69				

APPENDIX 7: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2000

Shanghai A of AB shares good news announcement 1999-2000
Year Model N
1999-2000 Market Model 43

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.12%	-0.31	-2.01	-2.03	-0.12%	-0.31
-19	0.23%	0.59	3.84	0.41	0.11%	0.28
-18	-0.27%	-0.70	-4.58	-0.41	-0.16%	-0.42
-17	-0.46%	-1.18	-7.73	-2.84	-0.62%	-1.60
-16	-0.23%	-0.59	-3.88	-3.65	-0.85%	-2.19
-15	-0.57%	-1.47	-9.63	-2.03	-1.42%	-3.65
-14	0.77%	1.99	13.04	4.46	-0.65%	-1.67
-13	0.10%	0.25	1.64	-4.46	-0.55%	-1.42
-12	0.03%	0.07	0.43	-0.41	-0.53%	-1.35
-11	-0.10%	-0.26	-1.71	-2.03	-0.63%	-1.61
-10	-0.45%	-1.15	-7.54	-3.65	-1.07%	-2.76
-9	-0.48%	-1.25	-8.16	-2.84	-1.56%	-4.01
-8	0.00%	0.00	-0.00	-2.03	-1.56%	-4.01
-7	-0.23%	-0.58	-3.81	-4.46	-1.78%	-4.59
-6	0.01%	0.04	0.25	1.22	-1.77%	-4.55
-5	0.41%	1.06	6.97	4.46	-1.36%	-3.49
-4	0.03%	0.07	0.47	2.03	-1.33%	-3.42
-3	-0.26%	-0.68	-4.43	-2.84	-1.59%	-4.09
-2	0.68%	1.75	11.46	4.46	-0.91%	-2.35
-1	0.18%	0.46	2.99	1.22	-0.73%	-1.89
day 0	-0.38%	-0.97	-6.38	-2.84	-1.11%	-2.86
1	0.36%	0.92	6.01	2.84	-0.76%	-1.94
2	0.75%	1.94	12.72	1.22	0.00%	0.00
3	-0.21%	-0.55	-3.60	-0.41	-0.22%	-0.55
4	0.20%	0.52	3.38	-2.03	-0.01%	-0.04
5	0.18%	0.47	3.11	1.22	0.17%	0.44
6	0.23%	0.58	3.82	3.65	0.40%	1.02
7	-0.26%	-0.66	-4.31	-0.41	0.14%	0.36
8	0.79%	2.04	13.36	4.46	0.93%	2.40
9	0.23%	0.59	3.85	2.84	1.16%	2.99
10	-0.59%	-1.48	-9.71	-5.27	0.58%	1.50

Shanghai B of AB sharesgood news announcement 1999-2000
Year Model N
1999-2000 Market Model 43

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.24%	0.36	1.2706	-0.80	0.24%	0.36
-19	1.90%	2.80	16.73	1.02	2.14%	3.15
-18	0.93%	1.37	8.22	1.02	3.07%	4.53
-17	1.32%	1.94	11.63	1.02	4.39%	6.47
-16	0.74%	1.09	6.50	0.34	5.12%	7.56
-15	0.40%	0.59	3.51	0.80	5.52%	8.14
-14	0.89%	1.13	0.78	0.34	5.61%	8.27
-13	1.42%	2.09	12.50	1.93	7.09%	10.36
-12	0.49%	0.72	4.28	0.11	7.51%	11.08
-11	0.92%	1.36	8.13	0.80	8.44%	12.44
-10	1.39%	2.04	12.22	1.71	9.82%	14.48
-9	0.08%	0.11	0.67	-0.11	9.90%	14.59
-8	0.94%	1.39	8.32	0.80	10.84%	15.98
-7	0.47%	0.70	4.19	-0.11	11.31%	16.68
-6	0.63%	0.94	5.60	0.11	11.95%	17.62
-5	1.13%	1.67	9.97	1.25	13.08%	19.29
-4	1.51%	2.22	13.31	1.48	14.59%	21.51
-3	-0.28%	-0.42	-2.49	-0.60	14.31%	21.10
-2	0.62%	0.92	5.50	-0.11	14.93%	22.02
-1	0.97%	1.43	8.55	0.57	15.90%	23.44
day 0	0.36%	0.53	3.19	0.11	16.26%	23.98
1	0.18%	0.26	1.55	0.11	16.44%	24.24
2	-0.28%	-0.41	-2.45	-0.57	16.16%	23.83
3	0.94%	1.39	8.32	0.57	17.10%	25.22
4	0.63%	0.93	5.56	0.57	17.73%	26.15
5	1.09%	1.60	9.60	0.80	18.82%	27.75
6	1.16%	1.71	10.22	0.80	19.96%	29.46
7	1.10%	1.62	9.67	0.80	21.07%	31.08
8	1.83%	2.70	16.15	1.71	22.91%	33.78
9	0.25%	0.37	2.24	-0.57	23.16%	34.15
10	0.55%	0.82	4.90	0.11	23.71%	34.97

Shanghai A of AB shares bad news announcement 1999-2000
Year Model N
1999-2000 Market Model 27

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.35%	-0.69	-3.60	-1.53	-0.35%	-0.69
-19	0.21%	0.43	2.24	-1.53	-0.13%	-0.26
-18	0.16%	0.32	1.69	0.51	0.03%	0.06
-17	-0.17%	-0.35	-1.80	2.55	-0.14%	-0.28
-16	-0.71%	-1.43	-7.41	-3.57	-0.85%	-1.71
-15	-0.31%	-0.63	-3.27	-0.51	-1.17%	-2.34
-14	-0.44%	-0.88	-4.56	-1.53	-1.60%	-3.22
-13	-0.67%	-1.34	-6.96	-2.55	-2.27%	-4.57
-12	-0.13%	-0.27	-1.39	-2.55	-2.41%	-4.83
-11	-0.15%	-0.29	-1.52	-0.51	-2.55%	-5.13
-10	-0.25%	-0.49	-2.56	0.51	-2.80%	-5.62
-9	-0.09%	-0.19	-0.98	-0.51	-2.89%	-5.81
-8	-0.22%	-0.44	-2.30	-1.53	-3.11%	-6.25
-7	0.13%	0.25	1.30	-0.51	-2.99%	-6.00
-6	-0.19%	-0.39	-2.01	0.51	-3.18%	-6.39
-5	0.22%	0.44	2.28	0.51	-2.96%	-5.95
-4	-0.41%	-0.83	-4.29	-3.57	-3.37%	-6.77
-3	-0.03%	-0.06	-0.33	0.51	-3.41%	-6.84
-2	0.04%	0.09	0.45	2.55	-3.36%	-6.75
-1	0.84%	1.69	8.75	3.57	-2.52%	-5.07
day 0	-0.49%	-0.98	-5.07	-0.51	-3.01%	-6.04
1	0.97%	1.95	10.14	2.55	-2.04%	-4.09
2	0.62%	1.24	6.42	1.53	-1.42%	-2.85
3	1.05%	2.11	10.93	3.57	-0.37%	-0.75
4	0.93%	1.87	9.71	2.55	0.56%	1.13
5	0.41%	0.82	4.26	1.53	0.97%	1.95
6	0.21%	0.41	2.15	-1.53	1.18%	2.36
7	-0.64%	-1.27	-6.62	-3.57	0.54%	1.09
8	0.35%	0.71	3.67	4.59	0.89%	1.80
9	0.02%	0.04	0.20	-0.51	0.91%	1.83
10	0.92%	1.85	9.63	3.57	1.84%	3.69

Shanghai A shares bad news announcement 1999-2000
Year Model N
1999-2000 Market Model 31

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.35%	-0.93	-5.14	-2.79	-0.35%	-0.93
-19	0.62%	1.61	8.97	4.65	0.26%	0.69
-18	-0.31%	-0.81	-4.50	-0.93	-0.05%	-0.12
-17	0.15%	0.39	2.17	0.93	0.10%	0.27
-16	-0.18%	-0.48	-2.65	-2.79	-0.08%	-0.21
-15	-0.75%	-1.97	-10.92	-10.23	-0.83%	-2.17
-14	0.58%	1.52	8.44	8.37	-0.25%	-0.66
-13	0.80%	2.08	11.58	8.37	0.55%	1.43
-12	0.14%	0.37	2.06	4.65	0.69%	1.80
-11	0.04%	0.20	1.09	2.79	0.76%	2.00
-10	0.04%	0.10	0.56	2.79	0.80%	2.10
-9	0.08%	0.20	1.12	-2.79	0.88%	2.30
-8	0.25%	0.66	3.65	4.65	1.13%	2.95
-7	-0.71%	-1.86	-10.31	-12.09	-0.42%	-1.10
-6	0.61%	1.59	8.86	6.51	1.03%	2.69
-5	-0.27%	-0.72	-4.01	-4.65	0.75%	1.97
-4	-0.36%	-0.94	-5.20	0.93	0.40%	1.04
-3	-0.29%	-0.77	-4.27	-4.65	0.10%	0.27
-2	0.09%	0.23	1.28	-2.79	0.19%	0.50
-1	-0.20%	-0.52	-2.89	0.93	-0.01%	-0.02
day 0	-0.83%	-2.19	-12.16	-6.37	-0.84%	-2.21
1	0.13%	0.34	1.89	0.93	-0.71%	-1.87
2	-0.51%	-1.33	-7.39	-2.79	-1.22%	-3.20
3	-0.64%	-1.68	-9.35	-6.51	-1.86%	-4.88
4	0.03%	0.08	0.44	-4.65	-1.83%	-4.80
5	-0.34%	-0.90	-5.00	-0.93	-2.17%	-5.70
6	0.10%	0.28	1.46	-0.93	-2.07%	-5.44
7	0.17%	0.45	2.51	4.65	-1.90%	-4.99
8	0.37%	0.96	5.35	0.93	-1.53%	-4.02
9	0.02%	0.06	0.35	-2.79	-1.51%	-3.96
10	0.30%	0.79	4.40	-2.79	-1.21%	-3.17

APPENDIX 8: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2000 -BASED ON THREE MODELS

Shanghai A of AB shares good news announcement 1999-2000

Year	1999-2000 N=43				1999-2000 N=43			
	Market Model		Mean Model		Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res	Event Day	AR	Cum Res	Cum Res
-20	-0.12%	-0.12%	-0.11%	-0.11%	-20	0.24%	0.24%	0.26%
-19	0.23%	0.11%	0.54%	0.43%	-19	1.90%	2.14%	1.95%
-18	-0.27%	-0.16%	-0.28%	0.15%	-18	0.83%	3.07%	1.06%
-17	-0.46%	-0.62%	-0.45%	-0.30%	-17	1.32%	4.39%	1.37%
-16	-0.23%	-0.85%	-0.20%	-0.50%	-16	0.74%	5.12%	0.80%
-15	-0.57%	-1.42%	-0.63%	-0.63%	-15	0.40%	5.52%	0.45%
-14	0.77%	-0.65%	0.97%	0.34%	-14	0.09%	5.61%	0.18%
-13	0.10%	-0.55%	0.00%	0.34%	-13	1.42%	7.03%	1.49%
-12	0.03%	-0.53%	0.47%	0.07%	-12	0.49%	7.51%	0.56%
-11	-0.10%	-0.63%	-0.31%	0.03%	-11	0.92%	8.44%	0.69%
-10	-0.45%	-1.07%	-0.16%	0.00%	-10	1.39%	9.82%	1.05%
-9	-0.48%	-1.56%	-0.63%	-0.47%	-9	0.08%	9.90%	0.740%
-8	0.00%	-1.56%	0.18%	-0.45%	-8	0.94%	10.84%	0.83%
-7	-0.23%	-1.78%	-0.08%	-0.53%	-7	0.47%	11.31%	0.33%
-6	0.01%	-1.77%	0.09%	-0.44%	-6	0.63%	11.95%	0.43%
-5	0.41%	-1.36%	0.41%	0.00%	-5	1.13%	13.08%	0.85%
-4	0.03%	-1.33%	0.41%	0.15%	-4	1.51%	14.59%	1.16%
-3	-0.26%	-1.59%	-0.49%	-0.08%	-3	-0.28%	14.31%	-0.84%
-2	0.66%	-0.91%	1.05%	0.79%	-2	0.62%	14.93%	0.70%
-1	0.18%	-0.73%	-0.11%	1.11%	-1	0.97%	15.90%	1.04%
day 0	1	0.36%	0.00%	0.84%	day 0	1	0.36%	16.26%
2	0.75%	0.00%	0.91%	1.74%	2	-0.28%	16.16%	-0.14%
3	-0.21%	-0.22%	-0.29%	1.45%	3	0.94%	17.10%	0.58%
4	0.20%	-0.01%	-0.25%	1.21%	4	0.63%	17.73%	1.03%
5	0.18%	0.17%	-0.30%	0.90%	5	1.03%	18.76%	1.36%
6	0.23%	0.40%	0.04%	0.84%	6	1.16%	19.98%	1.29%
7	-0.26%	0.14%	-0.30%	0.64%	7	1.10%	21.07%	1.16%
8	0.79%	0.93%	0.91%	1.55%	8	1.83%	22.91%	1.63%
9	0.23%	1.16%	0.17%	1.75%	9	0.25%	23.16%	0.03%
10	-0.59%	0.58%	-0.16%	0.99%	10	0.55%	23.71%	0.37%

Shanghai A of AB shares bad news announcement 1999-2000

Year	1999-2000 N=27				1999-2000 N=27			
	Market Model		Mean Model		Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res	Event Day	AR	Cum Res	Cum Res
-20	-0.35%	-0.35%	-0.23%	-0.23%	-20	1.05%	1.05%	1.01%
-19	0.21%	-0.13%	0.37%	0.14%	-19	0.59%	2.10%	0.92%
-18	0.16%	0.03%	-0.14%	0.00%	-18	0.29%	2.39%	0.87%
-17	-0.17%	-0.14%	0.08%	0.08%	-17	1.11%	3.50%	0.86%
-16	-0.71%	-0.85%	-0.70%	-0.62%	-16	0.85%	4.35%	0.42%
-15	-0.31%	-1.17%	-0.15%	-0.47%	-15	0.43%	4.78%	0.56%
-14	-0.44%	-1.60%	-0.05%	-0.52%	-14	-0.05%	4.73%	0.00%
-13	-0.67%	-2.27%	-0.40%	-0.93%	-13	0.86%	5.59%	0.67%
-12	-0.13%	-2.41%	0.25%	-0.68%	-12	0.66%	6.25%	0.63%
-11	-0.15%	-2.55%	-0.15%	-0.82%	-11	1.03%	7.28%	0.57%
-10	-0.25%	-2.80%	-0.40%	-1.23%	-10	0.01%	7.30%	-0.44%
-9	-0.09%	-2.89%	0.01%	-1.22%	-9	0.81%	8.10%	0.53%
-8	-0.22%	-3.11%	-0.23%	-1.45%	-8	0.27%	8.38%	-0.28%
-7	0.13%	-2.99%	0.15%	-1.29%	-7	0.68%	9.05%	0.23%
-6	-0.19%	-3.18%	-0.09%	-1.38%	-6	0.34%	9.39%	-0.01%
-5	0.22%	-2.98%	0.29%	-1.09%	-5	0.85%	10.34%	0.62%
-4	-0.41%	-3.47%	-0.28%	-1.37%	-4	-0.18%	10.16%	-0.38%
-3	-0.03%	-3.41%	-0.19%	-1.57%	-3	0.71%	10.87%	0.07%
-2	0.04%	-3.36%	-0.12%	-1.69%	-2	0.68%	11.55%	0.10%
-1	0.84%	-2.52%	1.14%	-0.55%	-1	1.10%	12.65%	0.97%
day 0	-0.49%	-3.01%	-0.30%	-0.85%	day 0	-0.22%	12.41%	-0.62%
1	0.97%	-2.04%	0.42%	-0.43%	1	1.13%	13.54%	0.19%
2	0.62%	-1.42%	0.07%	-0.36%	2	1.26%	14.79%	0.42%
3	1.05%	-0.37%	0.52%	0.15%	3	0.50%	15.29%	0.53%
4	0.93%	0.56%	0.66%	0.82%	4	1.12%	16.41%	0.63%
5	0.41%	0.97%	-0.20%	0.62%	5	0.31%	16.72%	-0.65%
6	0.21%	1.18%	-0.72%	-0.10%	6	-0.34%	16.37%	-1.56%
7	-0.64%	0.54%	-0.89%	-0.98%	7	0.47%	16.85%	0.60%
8	0.35%	0.89%	-0.36%	-0.63%	8	0.64%	17.49%	0.30%
9	0.02%	0.91%	-0.01%	-0.63%	9	1.59%	19.08%	1.02%
10	0.92%	1.84%	1.12%	0.49%	10	0.52%	19.60%	0.31%

Shanghai B of AB shares good news announcement 1999-2000

Year	1999-2000 N=43				1999-2000 N=43			
	Market Model		Mean Model		Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res	Event Day	AR	Cum Res	Cum Res
-20	0.24%	0.24%	-0.12%	-0.12%	-20	0.24%	0.24%	0.26%
-19	1.90%	2.14%	1.87%	1.75%	-19	1.90%	2.14%	1.95%
-18	0.83%	3.07%	0.67%	2.43%	-18	0.83%	3.07%	1.06%
-17	1.32%	4.39%	1.09%	3.52%	-17	1.32%	4.39%	1.37%
-16	0.74%	5.12%	0.38%	3.88%	-16	0.74%	5.12%	0.80%
-15	0.40%	5.52%	0.47%	4.35%	-15	0.40%	5.52%	0.45%
-14	0.09%	5.61%	0.01%	4.36%	-14	0.09%	5.61%	0.18%
-13	1.42%	7.03%	1.06%	5.42%	-13	1.42%	7.03%	1.49%
-12	0.49%	7.51%	0.27%	5.69%	-12	0.49%	7.51%	0.56%
-11	0.92%	8.44%	0.36%	6.05%	-11	0.92%	8.44%	0.69%
-10	1.39%	9.82%	1.35%	7.40%	-10	1.39%	9.82%	1.05%
-9	0.08%	9.90%	-0.35%	7.06%	-9	0.08%	9.90%	0.740%
-8	0.94%	10.84%	0.83%	7.89%	-8	0.94%	10.84%	0.83%
-7	0.47%	11.31%	0.33%	8.22%	-7	0.47%	11.31%	0.33%
-6	0.63%	11.95%	0.43%	8.64%	-6	0.63%	11.95%	0.43%
-5	1.13%	13.08%	0.85%	9.49%	-5	1.13%	13.08%	0.85%
-4	1.51%	14.59%	1.59%	11.08%	-4	1.51%	14.59%	1.16%
-3	-0.28%	14.31%	-0.84%	10.25%	-3	-0.28%	14.31%	-0.84%
-2	0.62%	14.93%	0.70%	10.94%	-2	0.62%	14.93%	0.70%
-1	0.97%	15.90%	1.04%	11.59%	-1	0.97%	15.90%	1.04%
day 0	1	0.18%	16.44%	-0.14%	day 0	1	0.18%	16.44%
2	-0.28%	16.16%	-0.43%	10.84%	2	-0.28%	16.16%	-0.14%
3	0.94%	17.10%	0.58%	11.43%	3	0.94%	17.10%	0.58%
4	0.63%	17.73%	-0.07%	11.36%	4	0.63%	17.73%	0.66%
5	1.03%	18.76%	0.33%	11.69%	5	1.03%	18.76%	1.13%
6	1.16%	19.98%	0.62%	12.37%	6	1.16%	19.98%	1.29%
7	1.10%	21.07%	0.75%	13.12%	7	1.10%	21.07%	1.16%
8	1.83%	22.91%	1.63%	14.75%	8	1.83%	22.91%	1.63%
9	0.25%	23.16%	0.03%	14.78%	9	0.25%	23.16%	0.03%
10	0.55%	23.71%	0.09%	14.87%	10	0.55%	23.71%	0.37%

Shanghai B of AB shares bad news announcement 1999-2000

Year	1999-2000 N=27				1999-2000 N=27			
	Market Model		Mean Model		Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res	Event Day	AR	Cum Res	Cum Res
-20	1.05%	1.05%	0.68%	0.65%	-20	1.05%	1.05%	1.01%
-19	0.59%	2.10%	0.59%	1.24%	-19	0.59%	2.10%	0.92%
-18	0.29%	2.39%	-0.37%	0.87%	-18	0.29%	2.39%	0.22%
-17	1.11%	3.50%	0.86%	1.72%	-17	1.11%	3.50%	1.11%
-16	0.85%	4.35%	0.42%	2.14%	-16	0.85%	4.35%	0.42%
-15	0.43%	4.78%	0.56%	2.70%	-15	0.43%	4.78%	0.41%
-14	-0.05%	4.73%	0.00%	2.70%	-14	-0.05%	4.73%	-0.05%
-13	0.86%	5.59%	0.67%	3.37%	-13	0.86%	5.59%	0.86%
-12	0.66%	6.25%	0.63%	4.00%	-12	0.66%	6.25%	0.75%
-11	1.03%	7.28%	0.57%	4.57%	-11	1.03%	7.28%	1.09%
-10	0.01%	7.30%	-0.44%	4.14%	-10	0.01%	7.30%	0.15%
-9	0.81%	8.10%	0.53%	4.66%	-9	0.81%	8.10%	0.83%
-8	0.27%	8.38%	-0.28%	4.03%	-8	0.27%	8.38%	0.26%
-7	0.68%	9.05%	0.23%	4.53%	-7	0.68%	9.05%	0.60%
-6	0.34%	9.39%	-0.01%	4.62%	-6	0.34%	9.39%	0.35%
-5	0.85%	10.34%	0.62%	5.25%	-5	0.85%	10.34%	0.96%
-4	-0.18%	10.16%	-0.38%	4.87%	-4	-0.18%	10.16%	-0.14%
-3	0.71%	10.87%	0.07%	4.93%	-3	0.71%	10.87%	0.63%
-2	0.68%	11.55%	0.10%	5.04%	-2	0.68%	11.55%	0.73%
-1	1.10%	12.65%	0.97%	5.99%	-1	1.10%	12.65%	1.16%
day 0	-0.22%	12.41%	-0.62%	5.39%	day 0	-0.22%	12.41%	-0.62%
1	1.13%	13.54%	0.19%	5.53%	1	1.13%	13.54%	1.06%
2	1.26%	14.79%	0.42%	5.95%	2	1.26%	14.79%	1.38%
3	0.50%	15.29%	0.52%	6.52%	3	0.50%	15.29%	0.50%
4	1.12%	16.41%	0.63%	6.14%	4	1.12%	16.41%	1.23%
5	0.31%	16.72%	-0.65%	5.50%	5	0.31%	16.72%	0.34%
6	-0.34%	16.37%	-1.56%	3.94%	6	-0.34%	16.37%	-1.56%
7	0.47%	16.85%	-0.04%	3.90%	7	0.47%	16.85%	0.60%
8	0.64%	17.49%	0.30%	4.20%	8	0.64%	17.49%	0.72%
9	1.59%	19.08%	1.02%	5.22%	9	1.59%	19.08%	1.49%
10	0.52%	19.60%	0.31%	5.53%	10	0.52%	19.60%	0.31%

Shanghai A shares good news announcement 1999-2000

Year	1999-2000 N=109									
	Market Model				Mean Model				Market Adjusted Returns	
	Event Day	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR	Cum Res	
day 0	-20	-0.37%	-0.37%	0.10%	0.10%	-0.02%	-0.02%	-0.02%	-0.02%	
	-19	0.14%	-0.23%	0.48%	0.58%	0.38%	0.38%	0.38%	0.38%	
	-18	-0.04%	-0.27%	-0.22%	0.36%	-0.12%	0.24%	-0.12%	0.24%	
	-17	0.07%	-0.20%	0.53%	0.01%	0.25%	0.01%	0.25%	0.01%	
	-16	-0.26%	-0.46%	-0.25%	0.28%	-0.32%	-0.07%	-0.32%	-0.07%	
	-15	0.18%	-0.28%	0.44%	0.71%	0.05%	-0.02%	0.05%	-0.02%	
	-14	-0.06%	-0.34%	0.53%	1.24%	0.56%	0.56%	0.56%	0.56%	
	-13	0.16%	-0.17%	0.50%	1.74%	0.38%	0.92%	0.38%	0.92%	
	-12	-0.27%	-0.44%	-0.18%	1.56%	-0.18%	0.74%	-0.18%	0.74%	
	-11	0.04%	-0.40%	-0.34%	1.22%	-0.07%	0.67%	-0.07%	0.67%	
-10	0.15%	-0.25%	-0.05%	1.17%	0.09%	0.76%	0.09%	0.76%		
-9	0.02%	-0.23%	0.38%	1.55%	0.12%	0.67%	0.12%	0.67%		
-8	-0.08%	-0.31%	-0.59%	0.96%	-0.22%	1.06%	-0.22%	1.06%		
-7	0.17%	-0.14%	0.62%	1.58%	0.40%	1.03%	0.40%	1.03%		
-6	0.14%	0.00%	0.28%	1.87%	-0.04%	0.96%	-0.04%	0.96%		
-5	0.04%	0.03%	-0.04%	1.82%	-0.07%	0.98%	-0.07%	0.98%		
-4	0.38%	0.41%	0.05%	1.87%	0.12%	1.08%	0.12%	1.08%		
-3	0.14%	0.55%	0.12%	1.99%	0.21%	1.43%	0.21%	1.43%		
-2	0.03%	0.56%	0.48%	2.47%	0.14%	1.42%	0.14%	1.42%		
-1	0.04%	0.61%	0.21%	2.74%	-0.01%	1.72%	-0.01%	1.72%		
1	0.35%	0.96%	0.31%	3.05%	0.31%	1.55%	0.31%	1.55%		
2	-0.19%	0.78%	-0.07%	2.89%	-0.17%	1.63%	-0.17%	1.63%		
3	-0.03%	0.59%	0.11%	3.21%	0.33%	1.96%	0.33%	1.96%		
4	0.08%	0.63%	0.16%	3.37%	0.12%	2.08%	0.12%	2.08%		
5	-0.02%	0.61%	0.75%	4.14%	0.07%	2.30%	0.07%	2.30%		
6	0.24%	0.85%	0.07%	4.21%	0.17%	2.92%	0.17%	2.92%		
7	-0.22%	0.63%	0.23%	4.44%	0.07%	2.99%	0.07%	2.99%		
8	0.12%	0.75%	0.15%	4.59%	0.32%	3.17%	0.32%	3.17%		
9	-0.28%	0.47%	-0.12%	4.46%	-0.04%	3.17%	-0.04%	3.17%		
10	0.02%	0.49%	-0.01%	4.45%	-0.02%	3.15%	-0.02%	3.15%		

APPENDIX 9: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001-2003

Shanghai A of AB shares good news announcement 2001-2003

Year		Model	Market Model	N		T2 z-score		T3 Sign Test		CAR	CAR t-stat
2001-2003	Event Day			AR	T1-stat						
	-20	-0.18%	0.83	6.88	0.28	0.18%	0.28	0.18%	0.83		0.83
	-19	-0.07%	-0.34	-2.82	-0.85	-0.07%	-0.85	-0.07%	-0.34		0.59
	-18	0.02%	0.10	0.85	0.09	0.13%	0.09	0.13%	0.10		0.49
	-17	-0.04%	-0.20	-1.06	-1.23	-0.08%	-1.23	-0.08%	-0.20		0.39
	-16	0.29%	1.35	11.16	0.09	0.37%	0.09	0.37%	1.74		1.74
	-15	-0.05%	-0.22	-1.82	0.09	0.32%	0.09	0.32%	1.52		1.52
	-14	-0.03%	-0.14	-1.14	-1.42	0.29%	-1.38	0.29%	1.38		1.38
	-13	-0.13%	-0.59	-4.92	-0.66	-0.17%	-0.69	-0.17%	-0.79		0.79
	-12	0.02%	0.10	0.82	-0.85	0.19%	0.89	0.19%	0.89		0.89
	-11	-0.10%	-0.46	-3.78	-1.04	-0.09%	-0.80	-0.09%	-0.80		0.80
	-10	-0.26%	-1.23	-10.19	-2.75	-0.17%	-0.80	-0.17%	-0.80		0.80
	-9	0.14%	0.67	5.64	0.85	0.03%	0.13	0.03%	0.13		0.13
	-8	0.12%	0.56	4.66	-0.28	0.09%	0.43	0.09%	0.43		0.43
	-7	-0.43%	-2.03	-16.84	-1.23	-0.34%	-1.60	-0.34%	-1.60		1.60
	-6	-0.34%	-1.62	-13.43	-0.47	-0.68%	-3.22	-0.68%	-3.22		3.22
	-5	-0.33%	-1.56	-12.92	-0.28	-1.01%	-4.78	-1.01%	-4.78		4.78
	-4	-0.10%	-0.50	-4.11	0.09	-1.12%	-5.27	-1.12%	-5.27		5.27
	-3	0.29%	1.38	11.44	0.28	-0.82%	-3.89	-0.82%	-3.89		3.89
	-2	0.17%	0.80	6.62	0.66	-0.66%	-3.09	-0.66%	-3.09		3.09
	-1	0.04%	0.19	1.55	0.28	-0.62%	-2.91	-0.62%	-2.91		2.91
day 0		0.33%	1.58	13.07	-0.28	-0.28%	-1.33	-0.28%	-1.33		1.33
	1	0.04%	0.19	1.56	-0.47	-0.24%	-1.14	-0.24%	-1.14		1.14
	2	-0.14%	-0.66	-5.45	-0.28	-0.38%	-1.80	-0.38%	-1.80		1.80
	3	0.04%	0.20	1.66	-0.85	-0.34%	-1.60	-0.34%	-1.60		1.60
	4	-0.31%	-1.47	-12.17	-1.80	-0.65%	-3.07	-0.65%	-3.07		3.07
	5	-0.14%	-0.64	-5.33	-1.04	-0.79%	-3.71	-0.79%	-3.71		3.71
	6	-0.08%	-0.27	-2.22	-0.47	-0.84%	-3.98	-0.84%	-3.98		3.98
	7	0.18%	0.83	6.86	-0.28	-0.67%	-3.15	-0.67%	-3.15		3.15
	8	0.08%	0.38	3.18	1.23	-0.59%	-2.77	-0.59%	-2.77		2.77
	9	-0.30%	-1.41	-11.73	-1.23	-0.89%	-4.18	-0.89%	-4.18		4.18
	10	-0.06%	-0.30	-2.53	-0.28	-0.95%	-4.49	-0.95%	-4.49		4.49

Shanghai A of AB shares bad news announcement 2001-2003

Year		Model	Market Model	N		T2 z-score		T3 Sign Test		CAR	CAR t-stat
2001-2003	Event Day			AR	T1-stat						
	-20	-0.42%	-1.33	-8.67	-1.07	-0.42%	-1.33	-0.42%	-1.33		-1.33
	-19	0.16%	0.51	3.41	-0.83	-0.26%	-0.82	-0.26%	-0.82		-0.82
	-18	0.24%	0.76	4.94	-0.12	-0.02%	-0.06	-0.02%	-0.06		-0.06
	-17	0.42%	1.34	8.76	1.07	0.40%	1.29	0.40%	1.29		1.29
	-16	-0.46%	-1.45	-9.47	-1.78	-0.05%	-0.17	-0.05%	-0.17		-0.17
	-15	-0.47%	-1.50	-9.79	-1.55	-0.53%	-1.67	-0.53%	-1.67		1.67
	-14	0.02%	0.06	0.40	-0.83	-0.51%	-1.61	-0.51%	-1.61		1.61
	-13	-0.44%	-1.38	-9.01	-1.31	-0.94%	-2.99	-0.94%	-2.99		2.99
	-12	0.01%	0.02	0.16	-0.36	-0.94%	-2.97	-0.94%	-2.97		2.97
	-11	-0.18%	-0.56	-3.64	-1.31	-1.11%	-3.52	-1.11%	-3.52		3.52
	-10	-0.56%	-1.78	-11.61	-1.31	-1.67%	-5.30	-1.67%	-5.30		5.30
	-9	-0.35%	-1.11	-7.27	-1.31	-2.02%	-6.41	-2.02%	-6.41		6.41
	-8	0.04%	0.13	0.88	0.12	-1.98%	-6.28	-1.98%	-6.28		6.28
	-7	-0.45%	-1.43	-9.35	-2.26	-2.43%	-7.71	-2.43%	-7.71		7.71
	-6	-0.02%	-0.07	-0.45	-0.36	-2.46%	-7.78	-2.46%	-7.78		7.78
	-5	-0.25%	-0.79	-5.14	-0.59	-2.70%	-8.57	-2.70%	-8.57		8.57
	-4	0.37%	1.16	7.60	0.59	-2.34%	-7.40	-2.34%	-7.40		7.40
	-3	-0.08%	-0.25	-1.84	-0.12	-2.42%	-7.65	-2.42%	-7.65		7.65
	-2	0.39%	1.25	8.14	1.07	-2.02%	-6.41	-2.02%	-6.41		6.41
	-1	-0.70%	-2.21	-14.42	-0.83	-2.72%	-8.62	-2.72%	-8.62		8.62
day 0		-1.03%	-3.25	-21.23	-1.78	-3.75%	-11.87	-3.75%	-11.87		11.87
	1	-1.07%	-3.39	-22.13	-1.55	-4.62%	-15.26	-4.62%	-15.26		15.26
	2	-0.48%	-1.53	-10.02	-0.36	-5.30%	-16.79	-5.30%	-16.79		16.79
	3	-0.62%	-1.97	-12.84	-0.36	-5.92%	-18.76	-5.92%	-18.76		18.76
	4	-0.56%	-1.76	-11.49	-0.59	-6.48%	-20.52	-6.48%	-20.52		20.52
	5	-0.11%	-0.36	-2.36	0.36	-6.59%	-20.88	-6.59%	-20.88		20.88
	6	-0.13%	-0.40	-2.63	-0.12	-6.72%	-21.28	-6.72%	-21.28		21.28
	7	0.68%	2.16	14.09	1.55	-6.04%	-19.12	-6.04%	-19.12		19.12
	8	0.22%	0.70	4.55	1.07	-5.82%	-18.42	-5.82%	-18.42		18.42
	9	-0.31%	-0.99	-6.45	-1.07	-6.13%	-19.41	-6.13%	-19.41		19.41
	10	0.04%	0.14	0.92	0.12	-6.08%	-19.27	-6.08%	-19.27		19.27

Shanghai B of AB sharesgood news announcement 2001-2003

Year		Model	Market Model	N		T2		T3		CAR	CAR T1
2001-2003	Event Day			AR	T1						
	-20	-0.13%	-0.46	-3.69	-0.46	-0.96	-0.13%	-0.96	-0.13%		-0.46
	-19	0.11%	0.40	3.17	-0.25	-0.02%	-0.06	-0.25	-0.02%		-0.06
	-18	-0.21%	-0.74	-5.93	-0.76	-0.22%	-0.81	-0.76	-0.22%		-0.81
	-17	-0.05%	-0.19	-1.50	-0.56	-0.27%	-0.99	-0.56	-0.27%		-0.99
	-16	-0.01%	-0.04	-0.34	-0.45	-0.29%	-1.04	-0.45	-0.29%		-1.04
	-15	-0.02%	-0.07	-0.57	-0.56	-0.31%	-1.11	-0.56	-0.31%		-1.11
	-14	-0.21%	-0.76	-6.11	-0.35	-0.52%	-1.87	-0.35	-0.52%		-1.87
	-13	-0.32%	-1.14	-9.15	-1.87	-0.83%	-3.02	-1.87	-0.83%		-3.02
	-12	0.03%	0.11	0.88	-0.25	-0.80%	-2.91	-0.25	-0.80%		-2.91
	-11	-0.01%	-0.04	-0.28	-0.76	-0.81%	-2.94	-0.76	-0.81%		-2.94
	-10	-0.11%	-0.41	-3.28	-0.86	-0.93%	-3.35	-0.86	-0.93%		-3.35
	-9	0.13%	0.46	3.65	0.56	-0.80%	-2.89	0.56	-0.80%		-2.89
	-8	-0.17%	-0.61	-4.82	-0.96	-0.87%	-3.51	-0.96	-0.87%		-3.51
	-7	-0.11%	-0.39	-3.09	-0.35	-1.05%	-3.90	-0.35	-1.05%		-3.90
	-6	-0.39%	-1.40	-11.18	-1.06	-1.47%	-5.29	-1.06	-1.47%		-5.29
	-5	-0.32%	-1.17	-9.36	-1.06	-1.79%	-6.46	-1.06	-1.79%		-6.46
	-4	-0.27%	-0.96	-7.67	-1.06	-2.05%	-7.42	-1.06	-2.05%		-7.42
	-3	0.02%	0.08	0.65	0.15	-2.03%	-7.34	0.15	-2.03%		-7.34
	-2	-0.02%	-0.08	-0.68	-0.15	-2.05%	-7.43	-0.15	-2.05%		-7.43
	-1	-0.10%	-0.35	-2.80	-0.45	-2.15%	-7.78	-0.45	-2.15%		-7.78
day 0		0.35%	1.26	10.09	-0.25	-1.80%	-6.51	-0.25	-1.80%		-6.51
	1	-0.09%	-0.34	-2.72	0.05	-1.90%	-6.85	0.05	-1.90%		-6.85
	2	0.13%	0.48	3.83	-0.35	-1.76%	-6.38	-0.35	-1.76%		-6.38
	3	-0.11%	-0.39	-3.09	-0.15	-1.87%	-6.76	-0.15	-1.87%		-6.76
	4	0.04%	0.14	1.13	0.25	-1.83%	-6.62	0.25	-1.83%		-6.62
	5	-0.35%	-1.28	-10.25	-0.45	-2.19%	-7.90	-0.45	-2.19%		-7.90
	6	0.13%	0.48	3.86	0.35	-2.05%	-7.42	0.35	-2.05%		-7.42
	7	-0.21%	-0.72	-6.17	-0.96	-2.27%	-8.19	-0.96	-2.27%		-8.19
	8	-0.22%	-0.78	-6.26	-0.15	-2.48%	-8.97	-0.15	-2.48%		-8.97
	9	-0.10%	-0.36	-2.85	-0.76	-2.58%	-9.33	-0.76	-2.58%		-9.33
	10	-0.27%	-0.97	-7.76	-0.86	-2.85%	-10.30	-0.86	-2.85%		-10.30

Shanghai B of AB shares bad news announcement 2001-2003

Year		Model	Market Model	N		T2		T3		CAR	CAR T1
2001-2003	Event Day			AR	T1						
	-20	-0.46%	-1.26	-8.22	-2.14	-0.46%	-1.26	-2.14	-0.46%		-1.26
	-19	-0.04%	-0.10	-0.68	-0.51	-0.50%	-1.37	-0.51	-0.50%		-1.37
	-18	-0.19%	-0.53	-3.45	-1.94	-0.70%	-1.89	-1.94	-0.70%		-1.89
	-17	0.16%	0.43	2.79	0.10	-0.54%	-1.27	0.10	-0.54%		-1.27
	-16	-0.06%	-0.15	-1.00	0.10	-0.60%	-1.62	0.10	-0.60%		-1.62
	-15	-0.17%	-0.46	-3.03	-0.51	-1.13%	-2.08	-0.51	-1.13%		-2.08
	-14	-0.37%	-1.00	-6.52	-0.51	-1.33%	-3.08	-0.51	-1.33%		-3.08
	-13	-0.23%	-0.63	-4.14	-0.10	-1.37%	-3.72	-0.10	-1.37%		-3.72
	-12	-0.32%	-0.88	-5.76	-0.51	-1.69%	-4.60	-0.51	-1.69%		-4.60
	-11	-0.12%	-0.33	-2.18	-0.10	-1.81%	-4.94	-0.10	-1.81%		-4.94
	-10	-0.43%	-1.17	-7.66	-1.12	-2.25%	-6.11	-1.12	-2.25%		-6.11
	-9	-0.39%	-1.07	-6.97	-1.33	-2.64%	-7.18	-1.33	-2.64%		-7.18
	-8	-0.04%	0.10	0.66	0.92	-2.60%	-7.08	0.92	-2.60%		-7.08
	-7	-0.16%	-0.43	-2.82	-0.71	-2.76%	-7.51	-0.71	-2.76%		-7.51
	-6	-0.07%	-0.18	-1.17	0.31	-2.83%	-7.69	0.31	-2.83%		-7.69
	-5	-0.47%	-1.27	-8.31	-0.71	-3.30%	-8.96	-0.71	-3.30%		-

APPENDIX 10: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001-2003 -BASED ON THREE MODELS

Shanghai A of AB shares good news announcement 2001-2003

Year		2001-2003		N=69	
		Market Model		Mean Model	
		AR		Cum Res	
Event Day		AR		Cum Res	
		Market Adjusted Returns		Cum Res	
		AR		Cum Res	
-20		0.18%	0.58%	0.58%	0.17%
-19		-0.07%	0.10%	-0.06%	-0.10%
-18		0.02%	0.13%	0.09%	0.08%
-17		-0.04%	0.08%	0.04%	0.04%
-16		0.29%	0.49%	1.23%	0.29%
-15		-0.05%	0.32%	0.23%	-0.04%
-14		-0.03%	0.29%	0.00%	-0.04%
-13		-0.13%	0.29%	1.46%	0.22%
-12		0.02%	0.19%	0.53%	0.16%
-11		-0.10%	0.09%	0.13%	0.00%
-10		-0.26%	-0.17%	-0.25%	-0.33%
-9		0.14%	0.38%	1.85%	0.18%
-8		0.12%	0.09%	0.28%	0.13%
-7		-0.43%	-0.34%	0.08%	-0.32%
-6		-0.34%	-0.68%	-0.19%	-0.66%
-5		-0.33%	-1.01%	-0.12%	-0.94%
-4		-0.10%	-1.12%	0.06%	-0.97%
-3		0.29%	0.82%	0.06%	0.34%
-2		0.17%	-0.66%	0.17%	0.19%
-1		0.04%	-0.62%	0.13%	0.09%
day 0		0.33%	-0.24%	0.38%	0.28%
1		0.04%	-0.24%	0.32%	0.01%
2		-0.14%	-0.38%	0.28%	-0.21%
3		0.04%	-0.34%	0.05%	-0.30%
4		-0.31%	-0.70%	-0.65%	-0.36%
5		-0.14%	-0.70%	-0.93%	-0.10%
6		-0.06%	-0.84%	0.22%	0.19%
7		0.16%	-0.67%	0.13%	0.16%
8		0.06%	-0.59%	0.18%	0.07%
9		-0.30%	-0.89%	-0.19%	-0.33%
10		-0.06%	-0.95%	0.15%	-0.07%

Shanghai A of AB shares bad news announcement 2001-2003

Year		2001-2003		N=43	
		Market Model		Mean Model	
		AR		Cum Res	
Event Day		AR		Cum Res	
		Market Adjusted Returns		Cum Res	
		AR		Cum Res	
-20		-0.42%	-0.28%	-0.28%	-0.47%
-19		0.16%	-0.26%	0.01%	-0.29%
-18		0.24%	-0.02%	0.46%	0.19%
-17		0.42%	0.40%	0.68%	0.38%
-16		-0.46%	-0.05%	-0.31%	0.56%
-15		-0.47%	-0.53%	-0.26%	-0.44%
-14		0.02%	-0.51%	0.05%	-0.39%
-13		-0.44%	-0.30%	0.05%	-0.51%
-12		0.01%	-0.94%	0.45%	0.06%
-11		-0.18%	-1.11%	0.18%	-0.68%
-10		-0.56%	-1.67%	-0.40%	-0.44%
-9		-0.35%	-2.02%	0.13%	-0.25%
-8		0.04%	-1.98%	0.15%	0.56%
-7		-0.45%	-2.43%	-0.84%	-0.09%
-6		-0.02%	-2.48%	-0.94%	-0.42%
-5		0.25%	-2.70%	-0.92%	-0.54%
-4		0.37%	-2.34%	-0.01%	-0.55%
-3		-0.06%	-2.42%	-0.26%	-0.81%
-2		0.39%	-2.02%	0.03%	-0.78%
-1		-0.70%	-2.72%	-0.88%	-1.66%
day 0		-1.03%	-3.75%	-0.70%	-2.36%
1		-1.07%	-4.82%	-0.99%	-3.35%
2		-0.48%	-5.30%	-0.66%	-4.03%
3		-0.62%	-5.92%	-0.81%	-4.82%
4		-0.56%	-6.48%	-0.26%	-5.08%
5		-0.11%	-6.59%	0.23%	-4.86%
6		-0.13%	-6.72%	-0.27%	-5.13%
7		0.68%	-6.04%	0.60%	-4.89%
8		0.22%	-5.82%	0.15%	-4.39%
9		-0.31%	-6.13%	-0.60%	-4.99%
10		0.04%	-6.08%	-0.12%	-5.11%

Shanghai B of AB shares good news announcement 2001-2003

Year		2001-2003		N=69	
		Market Model		Mean Model	
		AR		Cum Res	
Event Day		AR		Cum Res	
		Market Adjusted Returns		Cum Res	
		AR		Cum Res	
-20		-0.13%	-0.13%	0.18%	-0.15%
-19		0.11%	-0.02%	0.03%	0.06%
-18		-0.23%	-0.22%	0.11%	-0.21%
-17		-0.05%	-0.27%	0.00%	-0.02%
-16		-0.01%	-0.29%	0.23%	-0.33%
-15		-0.02%	-0.31%	0.20%	-0.43%
-14		-0.21%	-0.52%	0.21%	-0.56%
-13		-0.32%	-0.83%	0.26%	-0.81%
-12		0.03%	-0.80%	0.08%	-0.79%
-11		-0.01%	-0.81%	0.04%	-0.77%
-10		-0.11%	-0.93%	-0.12%	-0.90%
-9		0.13%	-0.80%	0.32%	-0.78%
-8		-0.17%	-0.97%	-0.08%	-0.94%
-7		-0.11%	-1.08%	0.31%	-0.96%
-6		-0.39%	-1.47%	-0.30%	-1.31%
-5		-0.32%	-1.79%	-0.21%	-1.60%
-4		-0.27%	-2.05%	-0.15%	-1.78%
-3		0.02%	-2.03%	0.08%	-1.71%
-2		-0.02%	-2.05%	-0.10%	-1.73%
-1		-0.10%	-2.15%	-0.09%	-1.79%
day 0		0.35%	-1.80%	0.35%	-1.48%
1		0.13%	-1.76%	-0.04%	-1.32%
2		-0.11%	-1.87%	-0.26%	-1.48%
3		0.04%	-1.82%	-0.46%	-1.64%
4		0.35%	-2.19%	-0.31%	-1.33%
5		0.13%	-2.05%	0.38%	-0.95%
6		-0.21%	-2.23%	-0.23%	-1.19%
7		-0.22%	-2.46%	-0.19%	-1.36%
8		-0.10%	-2.58%	0.00%	-1.38%
9		-0.27%	-2.85%	-0.10%	-1.48%
10		-0.27%	-3.12%	-0.26%	-1.75%

Shanghai B of AB shares bad news announcement 2001-2003

Year		2001-2003		N=43	
		Market Model		Mean Model	
		AR		Cum Res	
Event Day		AR		Cum Res	
		Market Adjusted Returns		Cum Res	
		AR		Cum Res	
-20		-0.43%	-0.46%	-0.33%	-0.50%
-19		-0.04%	-0.50%	-0.26%	-0.59%
-18		-0.19%	-0.70%	-0.02%	-0.61%
-17		0.16%	-0.54%	0.41%	-0.20%
-16		-0.06%	-0.60%	0.02%	-0.18%
-15		-0.17%	-0.77%	0.01%	-0.17%
-14		-0.37%	-1.13%	-0.39%	-0.56%
-13		-0.23%	-1.37%	-0.07%	-0.63%
-12		-0.32%	-1.69%	0.12%	-0.51%
-11		-0.12%	-1.81%	0.14%	-0.37%
-10		-0.43%	-2.25%	-0.31%	-0.68%
-9		-0.39%	-2.64%	-0.01%	-0.69%
-8		0.04%	-2.60%	0.06%	-0.64%
-7		-0.16%	-2.76%	-0.36%	-1.00%
-6		-0.07%	-2.83%	-0.13%	-1.11%
-5		0.47%	-3.30%	-0.73%	-1.84%
-4		-0.20%	-3.50%	-0.87%	-2.51%
-3		0.64%	-4.14%	-0.83%	-1.66%
-2		-0.17%	-3.97%	-0.94%	-3.66%
-1		-0.16%	-4.13%	-0.37%	-4.05%
day 0		-1.80%	-5.92%	-1.56%	-5.60%
1		-1.02%	-6.94%	-1.06%	-6.66%
2		-0.33%	-7.27%	-0.56%	-7.22%
3		-0.37%	-7.64%	-0.64%	-7.85%
4		-1.00%	-8.64%	-0.71%	-8.56%
5		-0.64%	-9.28%	-0.30%	-8.87%
6		-0.34%	-9.62%	-0.57%	-9.44%
7		0.63%	-8.99%	0.55%	-8.89%
8		-0.26%	-9.26%	-0.29%	-9.18%
9		0.13%	-9.12%	-0.24%	-9.28%
10		-0.02%	-9.14%	-0.24%	-9.52%

Shanghai A shares good news announcement 2001-2003

Year	2001-2003		N=169			
Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	-0.19%	-0.19%	-0.16%	-0.16%	-0.16%	-0.16%
-19	0.08%	-0.11%	0.45%	0.29%	0.14%	-0.02%
-18	0.29%	0.17%	0.24%	0.54%	0.28%	0.26%
-17	-0.28%	0.46%	0.54%	1.08%	0.28%	0.54%
-16	-0.07%	0.38%	-0.02%	1.07%	-0.12%	0.43%
-15	-0.21%	0.17%	-0.08%	0.99%	-0.20%	0.23%
-14	0.07%	0.24%	0.14%	1.13%	0.03%	0.26%
-13	-0.04%	0.20%	0.18%	1.32%	-0.01%	0.25%
-12	0.13%	0.33%	0.50%	1.81%	0.35%	0.06%
-11	-0.22%	0.11%	-0.21%	1.60%	-0.29%	0.06%
-10	-0.07%	0.04%	0.43%	2.03%	-0.10%	-0.04%
-9	-0.04%	0.00%	0.18%	2.21%	0.01%	-0.04%
-8	-0.10%	-0.10%	0.37%	2.58%	-0.12%	-0.16%
-7	-0.02%	-0.12%	0.12%	2.70%	-0.01%	-0.17%
-6	-0.16%	-0.28%	0.12%	2.82%	-0.20%	-0.37%
-5	-0.11%	-0.39%	0.25%	3.07%	-0.03%	-0.40%
-4	0.03%	-0.36%	0.12%	3.19%	0.05%	-0.35%
-3	-0.15%	-0.51%	-0.04%	3.15%	-0.14%	-0.49%
-2	0.25%	-0.25%	0.59%	3.75%	0.24%	-0.24%
-1	0.09%	-0.17%	0.37%	4.11%	0.12%	-0.13%
day 0	-0.07%	-0.24%	0.19%	4.30%	-0.05%	-0.18%
1	0.02%	-0.21%	-0.01%	4.29%	0.08%	-0.10%
2	0.03%	-0.18%	0.15%	4.44%	0.03%	-0.07%
3	0.09%	-0.09%	0.02%	4.45%	0.12%	0.05%
4	-0.29%	-0.38%	-0.20%	4.26%	-0.30%	-0.25%
5	0.01%	-0.37%	0.12%	4.37%	0.00%	-0.26%
6	-0.21%	-0.58%	0.14%	4.23%	-0.24%	-0.51%
7	-0.03%	-0.61%	0.13%	4.36%	-0.04%	-0.55%
8	-0.04%	-0.65%	-0.08%	4.28%	-0.04%	-0.59%
9	0.02%	-0.63%	0.11%	4.39%	-0.01%	-0.60%
10	0.15%	-0.49%	0.44%	4.83%	0.17%	-0.43%

APPENDIX 11: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999

Shanghai A of AB shares good news announcement 1999

Year	Model	N				
1999	Market Model	22				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.2%	-0.35	-1.63	-1.44	-0.20%	-0.35
-19	0.2%	0.28	1.30	0.00	-0.04%	-0.07
-18	-0.4%	-0.69	-3.25	0.00	-0.45%	-0.76
-17	-0.4%	-0.76	-3.56	-1.44	-0.90%	-1.52
-16	-0.4%	-0.74	-3.45	-5.75	-1.33%	-2.26
-15	-0.6%	-1.05	-4.93	-4.31	-1.95%	-3.31
-14	1.4%	2.30	10.79	7.19	-0.59%	-1.01
-13	0.4%	0.69	3.24	-4.31	-0.19%	-0.32
-12	0.1%	0.22	1.03	-2.87	-0.06%	-0.13
-11	0.0%	-0.03	-0.16	-1.44	-0.08%	-0.13
-10	-0.6%	-1.02	-4.78	-5.75	-1.28%	-2.17
-9	-0.6%	-1.02	-4.76	-1.44	-1.28%	-2.17
-8	0.5%	0.81	3.80	1.44	-0.80%	-1.36
-7	0.1%	0.13	0.61	-1.44	-0.72%	-1.22
-6	0.5%	0.83	3.91	5.75	-0.23%	-0.39
-5	0.6%	1.05	4.91	2.87	0.39%	0.65
-4	-0.5%	-0.77	-3.60	0.00	-0.07%	-0.11
-3	-0.8%	-1.34	-6.27	-4.31	-0.85%	-1.45
-2	0.7%	1.15	5.38	4.31	-0.18%	-0.30
-1	0.0%	0.07	0.34	-2.87	-0.13%	-0.23
day 0	-0.4%	-0.71	-3.33	-2.87	-0.55%	-0.94
1	0.2%	0.41	1.91	1.44	0.31%	0.53
2	1.1%	1.90	8.93	2.87	0.81%	1.37
3	0.0%	-0.07	-0.31	-4.31	0.77%	1.31
4	0.0%	0.04	0.20	-2.87	0.79%	1.35
5	0.2%	0.36	1.69	1.44	1.01%	1.71
6	-0.2%	-0.28	-1.33	0.00	0.84%	1.43
7	-0.5%	-0.83	-3.89	-1.44	0.35%	0.60
8	1.3%	2.15	10.10	7.19	1.62%	2.75
9	1.1%	1.86	8.74	-1.44	2.72%	4.61
10	-1.5%	-2.59	-12.13	-10.06	1.19%	2.03

Shanghai B of AB shares good news announcement 1999

Year	Model	N				
1999	Market Model	22				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.10%	-0.09	-0.43	0.00	-0.10%	-0.09
-19	1.37%	1.27	5.93	4.31	1.27%	1.18
-18	-0.04%	-0.03	-0.15	1.44	1.24%	1.15
-17	1.05%	0.97	4.54	1.44	2.29%	2.12
-16	0.04%	0.04	0.19	1.44	2.33%	2.16
-15	0.82%	0.76	3.54	5.75	3.15%	2.92
-14	-0.03%	-0.03	-0.14	-1.44	3.12%	2.90
-13	0.58%	0.54	2.50	2.87	3.70%	3.43
-12	-0.22%	-0.25	-1.19	-1.44	3.43%	3.18
-11	1.06%	0.99	4.60	4.31	4.49%	4.17
-10	0.08%	0.07	0.33	2.87	4.57%	4.24
-9	-0.50%	-0.46	-2.15	0.00	4.07%	3.77
-8	0.60%	0.56	2.61	1.44	4.67%	4.34
-7	-0.06%	-0.06	-0.27	-4.31	4.61%	4.28
-6	-0.09%	-0.08	-0.39	-1.44	4.52%	4.19
-5	1.19%	1.10	5.14	2.87	5.71%	5.30
-4	0.52%	0.49	2.26	4.31	6.23%	5.78
-3	-0.22%	-0.20	-0.94	-2.87	6.02%	5.58
-2	0.00%	0.00	-0.01	-1.44	6.01%	5.58
-1	0.01%	0.01	0.05	0.00	6.03%	5.59
day 0	-1.06%	-0.98	-4.57	-4.31	4.97%	4.61
1	0.51%	0.47	2.19	2.87	5.48%	5.08
2	-0.28%	-0.26	-1.22	-2.87	5.19%	4.82
3	0.21%	0.19	0.91	1.44	5.40%	5.01
4	0.24%	0.22	1.02	2.87	5.64%	5.23
5	0.64%	0.59	2.75	4.31	6.28%	5.82
6	0.14%	0.13	0.61	0.00	6.42%	5.95
7	0.62%	0.57	2.67	2.87	7.04%	6.53
8	1.19%	1.10	5.12	4.31	8.22%	7.63
9	-0.59%	-0.55	-2.56	-4.31	7.63%	7.08
10	-0.46%	-0.43	-2.00	-4.31	7.17%	6.65

Shanghai A of AB shares bad news announcement 1999

Year	Model	Market Model						N
1999		12						
Event Day	AR	T1	T2	T3	CAR	CAR T1		
-20	-0.6%	-0.79	-2.74	-2.64	-0.61%	-0.79		
-19	0.1%	0.10	0.36	-5.27	-0.53%	-0.69		
-18	-0.8%	-1.05	-3.63	-5.27	-1.34%	-1.74		
-17	-0.2%	-0.26	-0.89	5.27	-1.54%	-2.00		
-16	-1.0%	-1.28	-4.42	-5.27	-2.53%	-3.28		
-15	-0.9%	-1.21	-4.17	-5.27	-3.46%	-4.48		
-14	-0.1%	-0.11	-0.38	0.00	-3.54%	-4.59		
-13	-0.5%	-0.65	-2.27	-2.64	-4.05%	-5.25		
-12	-0.3%	-0.43	-1.50	0.00	-4.38%	-5.68		
-11	0.4%	0.46	1.59	0.00	-4.03%	-5.22		
-10	0.4%	0.53	1.85	2.64	-3.62%	-4.69		
-9	-0.3%	-0.36	-1.25	-5.27	-3.89%	-5.05		
-8	0.3%	0.36	1.26	0.00	-3.61%	-4.68		
-7	0.4%	0.48	1.66	-2.64	-3.24%	-4.20		
-6	-0.4%	0.46	1.59	5.27	-2.89%	-3.74		
-5	0.2%	0.29	0.99	2.64	-2.67%	-3.46		
-4	-0.9%	-1.22	-4.21	-5.27	-3.61%	-4.68		
-3	-0.1%	-0.17	-0.60	2.64	-3.74%	-4.85		
-2	0.0%	-0.05	-0.18	5.27	-3.78%	-4.90		
-1	1.1%	1.49	5.14	5.27	-2.64%	-3.42		
day 0	-0.6%	-0.73	-2.52	-2.64	-3.20%	-4.15		
1	0.2%	0.24	0.85	0.00	-3.01%	-3.90		
2	-0.3%	-0.36	-1.23	0.00	-3.28%	-4.26		
3	-0.1%	-0.08	-0.29	0.00	-3.35%	-4.34		
4	-0.4%	-0.58	-2.01	-2.64	-3.80%	-4.92		
5	0.1%	0.12	0.43	0.00	-3.70%	-4.80		
6	0.4%	0.46	1.58	2.64	-3.35%	-4.34		
7	-0.8%	-0.97	-3.36	-2.64	-4.10%	-5.32		
8	0.6%	0.78	2.71	7.91	-3.50%	-4.53		
9	0.4%	0.54	1.88	2.64	-3.08%	-3.99		
10	1.3%	1.64	5.66	5.27	-1.82%	-2.36		

Shanghai B of AB shares bad news announcement 1999

Year	Model	N				
1999	Market Model	12				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.18%	0.12	0.41	2.64	0.18%	0.12
-19	-1.45%	-0.98	-3.39	-7.91	-1.28%	-0.86
-18	-0.68%	-0.46	-1.60	-2.64	-1.96%	-1.33
-17	0.30%	0.20	0.69	0.00	-1.66%	-1.13
-16	-0.33%	-0.23	-0.78	-2.64	-2.00%	-1.35
-15	-0.33%	-0.22	-0.76	2.64	-2.32%	-1.57
-14	-0.44%	-0.30	-1.02	-2.64	-2.76%	-1.87
-13	0.01%	0.00	0.01	5.27	-2.76%	-1.87
-12	0.73%	0.50	1.71	2.64	-2.02%	-1.37
-11	0.93%	0.63	2.17	0.00	-1.09%	-0.74
-10	0.93%	0.63	2.17	5.27	-0.16%	-0.11
-9	0.43%	0.29	1.00	-2.64	0.27%	0.18
-8	-0.99%	-0.67	-2.32	-5.27	-0.73%	-0.49
-7	-0.29%	-0.20	-0.67	-5.27	-1.02%	-0.69
-6	-0.11%	-0.08	-0.26	0.00	-1.13%	-0.76
-5	0.57%	0.38	1.32	0.00	-0.56%	-0.38
-4	-0.42%	-0.29	-0.99	-5.27	-0.98%	-0.67
-3	-0.70%	-0.48	-1.64	-2.64	-1.69%	-1.14
-2	0.21%	0.14	0.49	2.64	-1.48%	-1.00
-1	0.70%	0.48	1.65	0.00	-0.77%	-0.52
day 0	-2.62%	-1.77	-6.11	-13.18	-3.39%	-2.29
1	-0.45%	-0.30	-1.04	0.00	-3.83%	-2.60
2	0.93%	0.63	2.17	7.91	-2.91%	-1.97
3	-1.02%	-0.69	-2.38	2.64	-3.93%	-2.66
4	1.04%	0.71	2.43	5.27	-2.85%	-1.95
5	0.03%	0.02	0.08	2.64	-2.85%	-1.93
6	0.47%	0.32	1.10	10.54	-2.38%	-1.61
7	1.27%	0.86	2.98	7.91	-1.10%	-0.75
8	0.93%	0.63	2.16	2.64	-0.18%	-0.12
9	0.04%	0.03	0.10	-2.64	-0.13%	-0.09
10	0.30%	0.20	0.70	-2.64	0.17%	0.11

Shanghai A shares good news announcement 1999

Year	Model	N				
1999	Market Model	59				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.27%	0.89	6.79	1.76	0.27%	0.89
-19	0.53%	1.73	13.26	0.75	0.80%	2.61
-18	-0.23%	-0.76	-5.84	-2.26	0.56%	1.85
-17	-0.13%	-0.44	-3.38	0.75	0.43%	1.41
-16	-0.45%	-1.48	-11.39	0.75	-0.02%	-0.07
-15	-0.28%	-0.91	-6.95	0.25	-0.30%	-0.98
-14	1.17%	3.84	29.48	3.26	0.87%	2.86
-13	0.54%	1.76	13.50	0.75	1.41%	4.62
-12	-0.10%	-0.32	-2.48	-1.76	1.31%	4.30
-11	-0.19%	-0.61	-4.67	-0.25	1.13%	3.69
-10	-0.07%	-0.22	-1.69	-0.75	1.06%	3.47
-9	0.11%	0.35	2.71	2.26	1.17%	3.82
-8	-0.48%	-1.59	-12.18	-3.76	0.68%	2.24
-7	0.52%	1.71	13.09	1.76	1.20%	3.94
-6	-0.31%	-1.01	-7.74	-4.27	0.89%	2.93
-5	-0.32%	-1.05	-8.04	-3.76	0.57%	1.89
-4	-0.21%	-0.70	-5.35	-3.76	0.36%	1.19
-3	0.26%	0.85	6.49	-0.25	0.62%	2.03
-2	0.14%	0.47	3.57	-1.25	0.76%	2.50
-1	-0.15%	-0.48	-3.66	-4.77	0.62%	2.02
day 0	0.13%	0.43	3.27	0.75	0.75%	2.45
1	-0.26%	-0.85	-6.48	-4.27	0.49%	1.60
2	0.34%	1.13	8.64	0.25	0.83%	2.73
3	0.55%	1.80	13.82	-0.25	1.38%	4.53
4	0.11%	0.36	2.77	-2.26	1.49%	4.90
5	1.23%	4.03	30.87	5.27	2.72%	8.92
6	0.00%	0.02	0.12	-0.75	2.72%	8.94
7	0.32%	1.04	7.95	3.26	3.04%	9.97
8	0.29%	0.96	7.37	0.75	3.33%	10.93
9	0.09%	0.29	2.26	0.25	3.42%	11.23
10	-0.09%	-0.29	-2.24	-2.76	3.33%	10.94

Shanghai A shares bad news announcement

Year	Model	N				
1999	Market Model	9				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.82%	-1.03	-3.08	-1.05	-0.82%	-1.03
-19	1.46%	1.82	5.44	1.05	0.63%	0.79
-18	-0.68%	-0.84	-2.52	-1.05	-0.04%	-0.05
-17	0.81%	1.01	3.01	1.05	0.77%	0.95
-16	0.16%	0.20	0.61	1.05	0.93%	1.16
-15	-1.40%	-1.74	-5.22	-5.27	-0.47%	-0.58
-14	1.22%	1.53	4.57	3.16	0.76%	0.94
-13	0.23%	0.28	0.85	1.05	0.98%	1.23
-12	-0.98%	-1.22	-3.66	-3.16	0.00%	0.00
-11	1.29%	1.62	4.83	3.16	1.30%	1.62
-10	-0.18%	-0.23	-0.68	-1.05	1.11%	1.39
-9	-0.31%	-0.38	-1.15	-1.05	0.81%	1.01
-8	0.75%	0.94	2.80	3.16	1.56%	1.94
-7	-1.08%	-1.35	-4.03	-3.16	0.48%	0.60
-6	2.10%	2.62	7.84	3.16	2.58%	3.22
-5	-0.45%	-0.56	-1.69	-3.16	2.12%	2.65
-4	-1.50%	-1.87	-5.60	-1.05	0.62%	0.78
-3	-0.59%	-0.73	-2.19	-1.05	0.04%	0.05
-2	-0.33%	-0.41	-1.22	-3.16	-0.29%	-0.36
-1	-0.37%	-0.46	-1.36	1.05	-0.65%	-0.82
day 0	-1.26%	-1.57	-4.70	-5.27	-1.91%	-2.39
1	-0.94%	-1.18	-3.52	-1.05	-2.86%	-3.56
2	-0.88%	-1.10	-3.29	-3.16	-3.74%	-4.66
3	-1.17%	-1.46	-4.37	-1.05	-4.91%	-6.13
4	0.44%	0.55	1.64	1.05	-4.47%	-5.58
5	0.25%	0.31	0.94	3.16	-4.22%	-5.27
6	-0.66%	-0.82	-2.46	-3.16	-4.88%	-6.09
7	0.06%	0.08	0.23	1.05	-4.82%	-6.01
8	0.79%	0.99	2.95	-1.05	-4.03%	-5.03
9	0.83%	1.03	3.09	-1.05	-3.20%	-4.00
10	0.77%	0.96	2.88	-1.05	-2.43%	-3.03

APPENDIX 12: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2000

Shanghai A of AB shares good news announcement 2000
Year 2000
Model Market Model
N 21

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.03%	-0.06	-0.27	-5.27	-0.03%	-0.06
-19	0.30%	0.61	2.77	1.76	0.27%	0.55
-18	-0.13%	-0.26	-1.21	-1.76	0.14%	0.28
-17	-0.47%	-0.96	-4.41	-8.78	-0.33%	-0.68
-16	-0.02%	-0.03	-0.16	-1.76	-0.35%	-0.71
-15	-0.52%	-1.06	-4.88	1.76	-0.87%	-1.78
-14	0.23%	0.33	1.53	1.76	-0.71%	-1.45
-13	-0.23%	-0.47	-2.13	-8.78	-0.93%	-1.91
-12	-0.08%	-0.17	-0.79	5.27	-1.02%	-2.08
-11	-0.19%	-0.38	-1.75	-8.78	-1.20%	-2.47
-10	-0.29%	-0.59	-2.70	-1.76	-1.49%	-3.06
-9	-0.36%	-0.75	-3.42	-8.78	-1.85%	-3.80
-8	-0.50%	-1.02	-4.70	-12.30	-2.35%	-4.83
-7	-0.54%	-1.11	-5.10	-15.81	-2.90%	-5.94
-6	-0.48%	-0.99	-4.54	-8.78	-3.38%	-6.93
-5	0.20%	0.41	1.88	12.30	-3.18%	-6.52
-4	0.53%	1.09	4.98	8.78	-2.65%	-5.43
-3	0.29%	0.59	2.70	-1.76	-2.36%	-4.85
-2	0.68%	1.40	6.43	8.78	-1.68%	-3.44
-1	0.32%	0.65	2.98	12.30	-1.36%	-2.79
day 0	-0.34%	-0.69	-3.15	-5.27	-1.70%	-3.48
1	0.43%	0.98	4.50	8.78	-1.22%	-2.50
2	0.37%	0.76	3.46	1.76	-0.85%	-1.74
3	-0.40%	-0.81	-3.73	5.27	-1.25%	-2.56
4	0.38%	0.79	3.61	-1.76	-0.86%	-1.77
5	0.15%	0.32	1.45	-1.76	-0.71%	-1.45
6	0.64%	1.31	6.00	12.30	-0.07%	-0.14
7	-0.01%	-0.02	-0.11	1.76	-0.08%	-0.16
8	0.29%	0.60	2.75	1.76	0.21%	0.44
9	-0.68%	-1.40	-6.41	-8.78	-0.47%	-0.96
10	0.42%	0.85	3.92	1.76	-0.05%	-0.11

Shanghai B of AB shares good news announcement 2000
Year 2000
Model Market Model
N 21

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.60%	0.74	2.92	-1.02	0.60%	0.74
-19	2.44%	3.04	11.94	0.44	3.04%	3.79
-18	1.95%	2.42	9.50	1.02	4.99%	6.21
-17	1.96%	1.99	7.81	1.02	6.59%	8.20
-16	1.46%	1.82	7.15	0.15	8.05%	10.02
-15	-0.05%	-0.06	-0.22	-0.15	8.00%	9.97
-14	0.21%	0.27	1.05	0.73	8.22%	10.24
-13	2.29%	2.86	11.21	1.89	10.51%	13.09
-12	1.28%	1.60	6.26	0.44	11.80%	14.69
-11	0.77%	0.96	3.77	0.15	12.57%	15.65
-10	2.76%	3.43	13.47	1.31	15.33%	19.09
-9	0.68%	0.84	3.31	0.15	16.00%	19.93
-8	1.30%	1.62	6.34	0.73	17.30%	21.54
-7	1.30%	1.29	5.07	0.73	18.34%	22.84
-6	1.39%	1.74	6.81	0.44	19.73%	24.57
-5	1.07%	1.33	5.22	1.02	20.80%	25.90
-4	2.54%	3.16	12.41	1.02	23.34%	29.07
-3	-0.35%	-0.44	-1.71	-0.44	22.99%	28.63
-2	1.28%	1.59	6.25	0.15	24.27%	30.22
-1	1.97%	2.46	9.63	0.73	26.24%	32.68
day 0	1.85%	2.30	9.03	1.02	28.09%	34.98
1	-0.17%	-0.21	-0.84	-0.44	27.92%	34.77
2	-0.27%	-0.34	-1.33	-0.73	27.65%	34.43
3	1.71%	2.13	8.36	0.73	29.36%	36.56
4	1.04%	1.30	5.09	0.15	30.40%	37.86
5	1.56%	1.95	7.63	0.15	31.96%	39.80
6	2.22%	2.77	10.86	1.02	34.18%	42.57
7	1.60%	1.99	7.79	0.44	35.78%	44.56
8	2.51%	3.12	12.24	1.31	38.29%	47.68
9	1.14%	1.42	5.57	0.15	39.43%	49.10
10	1.62%	2.02	7.92	1.02	41.05%	51.12

Shanghai A of AB shares bad news announcement 2000
Year 2000
Model Market Model
N 15

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.13%	-0.20	-0.77	-1.22	-0.13%	-0.20
-19	0.32%	0.49	1.88	1.22	0.19%	0.29
-18	0.94%	1.42	5.49	6.08	1.13%	1.70
-17	-0.15%	-0.23	-0.88	-1.22	0.98%	1.48
-16	-0.49%	-0.74	-2.87	-3.65	0.49%	0.73
-15	0.18%	0.27	1.04	3.65	0.67%	1.00
-14	-0.72%	-1.08	-4.19	-3.65	-0.05%	-0.08
-13	-0.80%	-1.21	-4.68	-3.65	-0.85%	-1.29
-12	0.03%	0.04	0.16	-3.65	-0.83%	-1.25
-11	-0.55%	-0.82	-3.19	-1.22	-1.37%	-2.07
-10	-0.77%	-1.16	-4.51	-1.22	-2.15%	-3.24
-9	0.05%	0.08	0.32	3.65	-2.09%	-3.15
-8	-0.62%	-0.94	-3.63	-3.65	-2.71%	-4.09
-7	-0.07%	-0.11	-0.42	-1.22	-2.79%	-4.20
-6	-0.63%	-0.95	-3.68	-3.65	-3.42%	-5.15
-5	0.22%	0.33	1.28	-1.22	-3.20%	-4.82
-4	0.01%	0.01	0.06	-3.65	-3.19%	-4.80
-3	0.05%	0.07	0.29	-1.22	-3.14%	-4.73
-2	0.11%	0.17	0.65	1.22	-3.03%	-4.56
-1	0.59%	0.89	3.46	3.65	-2.43%	-3.67
day 0	-0.42%	-0.64	-2.48	1.22	-2.86%	-4.31
1	1.60%	2.41	9.34	6.08	-1.26%	-1.90
2	1.33%	2.00	7.75	3.65	0.07%	0.11
3	1.94%	2.92	11.33	8.51	2.01%	3.03
4	2.04%	3.07	11.89	8.51	4.05%	6.10
5	0.66%	1.00	3.86	3.65	4.71%	7.10
6	0.09%	0.14	0.53	-6.08	4.80%	7.23
7	-0.54%	-0.82	-3.17	-3.65	4.26%	6.41
8	0.15%	0.23	0.88	3.65	4.41%	6.64
9	-0.30%	-0.45	-1.76	-3.65	4.11%	6.19
10	0.65%	0.98	3.81	3.65	4.76%	7.17

Shanghai A shares good news announcement 2000
Year 2000
Model Market Model
N 50

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.37%	-1.29	-9.07	-1.58	-0.37%	-1.29
-19	0.14%	0.48	3.40	0.79	-0.23%	-0.81
-18	-0.04%	-0.15	-1.06	0.79	-0.20%	-0.96
-17	0.07%	0.26	1.80	3.16	-0.20%	-0.70
-16	-0.26%	-0.90	-6.37	-6.32	-0.46%	-1.61
-15	0.18%	0.63	4.45	0.79	-0.28%	-0.97
-14	-0.06%	-0.20	-1.41	-1.58	-0.34%	-1.17
-13	0.16%	0.57	4.03	6.32	-0.17%	-0.60
-12	-0.27%	-0.94	-6.61	-0.79	-0.44%	-1.54
-11	0.04%	0.14	1.02	-3.16	-0.40%	-1.40
-10	0.15%	0.52	3.65	2.37	-0.25%	-0.88
-9	-0.09%	0.06	0.46	1.58	-0.23%	-0.81
-8	-0.08%	-0.27	-1.92	-0.79	-0.31%	-1.09
-7	0.17%	0.60	4.20	3.16	-0.14%	-0.49
-6	0.14%	0.47	3.33	1.58	0.00%	-0.02
-5	0.04%	0.12	0.88	-1.58	0.03%	0.11
-4	0.38%	1.32	9.31	5.53	0.41%	1.43
-3	0.14%	0.49	3.43	2.37	0.55%	1.92
-2	0.03%	0.09	0.66	-0.79	0.58%	2.01
-1	0.04%	0.13	0.89	0.00	0.61%	2.14
day 0	0.35%	1.23	8.66	3.95	0.96%	3.37
1	-0.19%	-0.65	-4.58	-1.58	0.78%	2.72
2	-0.19%	-0.67	-4.72	0.00	0.59%	2.05
3	-0.03%	-0.12	-0.85	-0.79	0.55%	1.93
4	0.08%	0.27	1.90	2.37	0.63%	2.19
5	-0.05%	-0.05	-0.38	1.58	0.61%	2.14
6	0.22%	0.85	5.96	3.16	0.85%	2.99
7	0.22%	-0.78	-5.49	-3.95	0.63%	2.21
8	0.12%	0.43	3.02	-0.79	0.75%	2.63
9	-0.28%	-0.99	-6.96	-1.58	0.47%	1.65
10	0.02%	0.06	0.44	1.58	0.49%	1.71

Shanghai A shares bad news announcement 2000
Year 2000
Model Market Model
N 22

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.16%	-0.39	-1.82	-15.81	-0.16%	-0.39
-19	0.27%	0.65	3.07	31.62	0.11%	0.27
-18	-0.16%	-0.38	-1.80	0.00	-0.05%	-0.12
-17	-0.12%	-0.29	-1.36	0.00	-0.17%	-0.41
-16	-0.32%	-0.78	-3.66	15.81	-0.49%	-1.19
-15	-0.48%	-1.17	-5.49	-47.43	-0.98%	-2.36
-14	0.32%	0.76	3.57	47.43	-0.66%	-1.60
-13	1.03%	2.48	11.63	63.25	0.37%	0.88
-12	0.80%	1.45	6.81	63.25	0.97%	2.33
-11	-0.42%	-1.02	-4.81	0.00	0.54%	1.31
-10	0.13%	0.31	1.46	31.62	0.67%	1.62
-9	0.23%	0.57	2.65	-15.81	0.90%	2.19
-8	0.05%	0.11	0.52	15.81	0.95%	2.30
-7	-0.56%	-1.34	-6.29	-79.06	0.40%	0.95
-6	0.00%	0.00	-0.02	31.62	0.39%	0.95
-5	-0.20%	-0.49	-2.29	-15.81	0.19%	0.46
-4	0.11%	0.27	1.25	0.00	0.30%	0.73
-3	-0.17%	-0.42	-1.96	-31.62	0.13%	0.31
-2	0.26%	0.62	2.93	0.00	0.39%	0.93
-1	-0.13%	-0.31	-1.47	0.00	0.26%	0.62
day 0	-0.66%	-1.59	-7.48	-31.62	-0.40%	-0.98
1	0.57%	1.37	6.44	15.81	0.17%	0.40
2	-0.35%	-0.86	-4.01	0.00	-0.19%	-0.46
3	-0.42%	-1.03	-4.81	-47.43	-0.61%	-1.48
4	-0.14%	-0.33	-1.55	-47.43	-0.75%	-1.81
5	-0.59%	-1.42	-6.64	-31.62	-1.34%	-2.23
6	0.41%	0.99	4.66	15.81	-0.93%	-2.24
7	0.22%	0.53	2.47	31.62	-0.71%	-1.71
8	0.19%	0.47	2.19	15.81	-0.51%	-1.24
9	-0.30%	-0.74	-3.45	-15.81	-0.82%	-1.98
10	0.11%	0.26	1.24	-15.81	-0.71%	-1.71

APPENDIX 13: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001

Shanghai A of AB shares good news announcement 2001
Year Model N
2001 Market Model 25

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.08%	0.25	1.23	-0.32	0.08%	0.25
-19	-0.38%	-1.16	-5.80	-2.90	-0.30%	-0.91
-18	0.32%	0.97	4.85	2.26	0.02%	0.96
-17	0.31%	0.93	4.66	-0.97	0.33%	0.99
-16	0.56%	1.70	8.52	0.97	0.89%	2.69
-15	0.30%	0.90	4.51	2.26	1.19%	3.59
-14	0.47%	1.07	7.16	0.32	1.66%	5.03
-13	-0.35%	-1.03	-5.35	-2.26	1.31%	3.96
-12	-0.09%	-0.26	-1.29	-2.90	1.22%	3.70
-11	-0.31%	-0.94	-4.68	-2.90	0.92%	2.76
-10	-0.04%	-0.11	-0.53	-0.88%	0.62%	2.66
-9	-0.26%	-0.77	-3.87	-3.55	0.62%	1.88
-8	0.41%	1.23	6.14	0.32	1.03%	3.11
-7	-0.29%	-0.87	-4.37	-1.61	0.74%	2.24
-6	-0.08%	-0.25	-1.25	-0.32	0.66%	1.99
-5	-0.31%	-0.92	-4.62	-0.32	0.35%	1.96
-4	0.03%	0.08	0.42	0.32	0.38%	1.15
-3	0.22%	0.66	3.32	-0.32	0.60%	1.81
-2	0.11%	0.33	1.63	0.97	0.71%	2.14
-1	-0.37%	-1.11	-5.55	-0.32	0.34%	1.03
day 0	-0.25%	-0.75	-3.75	0.32	0.09%	0.28
1	0.44%	1.33	6.64	1.61	0.53%	1.60
2	-0.69%	-2.08	-10.40	-2.26	-0.16%	-0.48
3	-0.22%	-0.66	-3.28	-1.61	-0.37%	-1.13
4	-0.11%	-0.32	-1.59	-0.32	-0.48%	-1.45
5	-0.40%	-1.21	-6.05	-2.90	-0.88%	-2.66
6	0.60%	1.81	9.07	0.97	-0.28%	-0.85
7	-0.16%	-0.49	-2.45	-2.90	-0.44%	-1.34
8	0.02%	0.06	0.31	2.26	-0.42%	-1.28
9	0.30%	0.90	4.52	0.32	-0.12%	-0.37
10	0.28%	0.85	4.27	1.61	0.16%	0.48

Shanghai B of AB shares good news announcement 2001
Year Model N
2001 Market Model 25

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.17%	-0.27	-1.29	-0.89	-0.17%	-0.27
-19	0.48%	0.76	3.68	0.30	0.31%	0.50
-18	-0.19%	-0.30	-1.44	-0.70	0.12%	0.20
-17	0.03%	0.05	0.25	-0.30	0.16%	0.25
-16	0.06%	0.10	0.48	-0.30	0.22%	0.35
-15	0.21%	0.33	1.58	-0.30	0.43%	0.68
-14	-0.53%	-0.84	-4.04	-0.70	-0.10%	-0.16
-13	-0.80%	-1.26	-6.05	-0.70	-0.90%	-1.42
-12	0.01%	0.01	0.05	0.30	-0.89%	-1.41
-11	-0.04%	-0.06	-0.29	-0.50	-0.93%	-1.47
-10	-0.33%	-0.52	-2.50	-1.29	-1.26%	-1.99
-9	-0.29%	-0.46	-2.23	-1.09	-1.55%	-2.45
-8	0.14%	0.22	1.06	-0.10	-1.41%	-2.23
-7	0.03%	0.04	0.20	-0.30	-1.39%	-2.19
-6	-0.47%	-0.74	-3.55	-0.70	-1.85%	-2.93
-5	-0.43%	-0.69	-3.30	-0.89	-2.29%	-3.62
-4	-0.61%	-0.96	-4.64	-1.29	-2.90%	-4.58
-3	-0.38%	-0.60	-2.87	-0.10	-3.28%	-5.18
-2	-0.08%	-0.13	-0.62	-0.30	-3.36%	-5.31
-1	-0.38%	-0.48	-2.30	-0.70	-3.66%	-5.78
day 0	-0.30%	-0.60	-2.87	-0.70	-4.04%	-6.38
1	-0.10%	-0.16	-0.75	0.50	-4.14%	-6.54
2	-0.34%	-0.54	-2.59	-0.89	-4.48%	-7.07
3	-0.06%	-0.10	-0.48	0.10	-4.54%	-7.17
4	-0.21%	-0.33	-1.57	-0.30	-4.75%	-7.50
5	-0.50%	-0.79	-3.82	-0.50	-5.25%	-8.29
6	-0.06%	-0.09	-0.43	-0.10	-5.30%	-8.38
7	-0.35%	-0.56	-2.68	-0.50	-5.66%	-8.94
8	-0.16%	-0.25	-1.18	-0.10	-5.81%	-9.19
9	-0.03%	-0.05	-0.24	-0.50	-5.84%	-9.24
10	-0.48%	-0.76	-3.65	-0.50	-6.32%	-10.00

Shanghai A of AB shares bad news announcement 2001

Year Model N
2001 Market Model 12

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.18%	-0.28	-0.97	-3.95	-0.18%	-0.28
-19	0.93%	1.47	5.09	3.95	0.75%	1.19
-18	0.77%	1.21	4.19	0.00	1.52%	2.40
-17	0.09%	0.15	0.51	3.95	1.61%	2.54
-16	-0.50%	-0.79	-2.73	-15.81	1.12%	1.76
-15	-0.52%	-0.82	-2.83	-7.91	0.60%	0.94
-14	-0.10%	-0.15	-0.53	-3.95	0.50%	0.79
-13	-0.20%	-0.32	-1.12	0.00	0.29%	0.46
-12	0.39%	0.62	2.14	0.00	0.69%	1.08
-11	-0.01%	-0.01	-0.05	0.00	0.68%	1.07
-10	-0.12%	-0.18	-0.63	-3.95	0.56%	0.88
-9	-0.21%	-0.33	-1.14	-7.91	0.35%	0.56
-8	0.30%	0.47	1.63	7.91	0.65%	1.03
-7	-0.47%	-0.74	-2.57	-11.86	0.18%	0.28
-6	-0.68%	-1.07	-3.71	-11.86	-0.50%	-0.79
-5	0.33%	0.52	1.80	7.91	-0.17%	-0.27
-4	0.61%	0.96	3.34	7.91	0.44%	0.70
-3	-0.39%	-0.61	-2.13	-7.91	0.05%	0.08
-2	0.54%	0.86	2.97	7.91	0.60%	0.93
-1	-0.20%	-0.31	-1.07	-3.95	0.40%	0.63
day 0	0.45%	0.71	2.46	3.95	0.85%	1.34
1	0.64%	1.00	3.48	3.95	1.49%	2.35
2	0.31%	0.48	1.67	0.00	1.80%	2.93
3	-0.33%	-0.52	-1.80	0.00	1.47%	2.31
4	0.40%	0.63	2.17	7.91	1.86%	2.94
5	1.05%	1.66	5.74	11.86	2.92%	4.59
6	0.50%	0.78	2.72	7.91	3.41%	5.38
7	0.99%	1.56	5.40	7.91	4.40%	6.94
8	-0.32%	-0.50	-1.74	-3.95	4.08%	6.44
9	-0.67%	-1.05	-3.65	-15.81	3.42%	5.38
10	0.61%	0.96	3.33	0.00	4.03%	6.34

Shanghai A shares good news announcement 2001
Year Model N
2001 Market Model 54

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.20%	-0.88	-6.48	-2.37	-0.20%	-0.88
-19	0.11%	0.50	3.63	0.79	-0.09%	-0.39
-18	0.46%	1.68	14.68	1.98	0.37%	1.61
-17	0.61%	2.64	19.38	3.56	0.98%	4.26
-16	-0.18%	-0.76	-5.10	-0.40	0.80%	3.49
-15	-0.25%	-1.10	-8.10	-3.16	0.55%	2.39
-14	-0.01%	-0.06	-0.44	-1.98	0.53%	2.33
-13	-0.17%	-0.72	-5.29	-1.19	0.37%	1.61
-12	0.26%	1.14	8.33	-0.79	0.63%	2.74
-11	-0.45%	-1.98	-14.54	-3.95	-0.17%	-0.76
-10	-0.19%	-0.84	-6.18	-1.58	-0.02%	-0.08
-9	-0.30%	-1.32	-9.70	-0.79	-0.32%	-1.40
-8	0.01%	0.05	0.36	0.40	-0.31%	-1.35
-7	0.31%	1.36	9.99	-0.79	0.00%	0.01
-6	0.30%	1.31	9.60	1.19	0.30%	1.32
-5	0.08%	0.37	2.68	-0.40	0.39%	1.68
-4	0.46%	2.00	14.64	1.58	0.84%	3.68
-3	0.06%	0.28	2.08	0.79	0.91%	3.96
-2	0.25%	1.08	7.95	0.00	1.16%	5.05
-1	0.74%	3.22	23.64	2.77	1.90%	8.27
day 0	0.09%	0.41	2.97	-0.40	1.90%	8.67
1	-0.23%	-1.27	-9.32	-2.77	1.70%	7.40
2	-0.35%	-1.54	-11.26	-1.58	1.35%	5.87
3	-0.17%	-0.72	-5.28	-1.58	1.18%	5.15
4	-0.19%	-0.81	-5.94	-0.40	1.00%	4.34
5	-0.20%	-0.88	-6.47	-1.19	0.79%	3.45
6	-0.39%	-1.68	-12.31	-3.16	0.41%	1.78
7	0.06%	0.25	1.82	1.58	0.46%	2.03
8	-0.18%	-0.78	-5.69	-1.58	0.29%	1.25
9	0.06%	0.26	1.92	0.00	0.35%	1.51
10	0.03%	0.15	1.11	-1.19	0.38%	1.66

Shanghai A shares bad news announcement 2001

Year Model N
2001 Market Model 20

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.58%	1.38	6.16	-15.81	0.58%	1.38
-19	-0.11%	-0.27	-1.21	-10.54	0.47%	1.11
-18	-0.37%	-0.88	-3.91	-5.27	0.10%	0.23
-17	0.13%	0.30	1.35	-10.54	0.22%	0.53
-16	0.08%	0.18	0.80	5.27	0.30%	0.72
-15	-0.20%	-0.47	-2.09	0.00	0.10%	0.25
-14	0.51%	1.21	5.39	10.54	0.61%	1.46
-13	0.13%	0.30	1.36	5.27	0.74%	1.76
-12	0.14%	0.33	1.48	5.27	0.88%	2.09
-11	-0.17%	-0.40	-1.79	-10.54	0.71%	1.69
-10	-0.37%	-1.11	-4.93	-5.27	0.25%	0.58
-9	-0.24%	-0.57	-2.52	10.54	0.01%	0.02
-8	-0.30%	-0.72	-3.21	-15.81	-0.30%	-0.70
-7	0.34%	0.81	3.60	0.00	0.04%	0.10
-6	0.46%	1.09	4.84	15.81	0.50%	1.19
-5	0.30%	0.72	3.19	21.08	0.80%	1.91
-4	-0.10%	-0.23	-1.04	15.81	0.70%	1.67
-3	0.42%	1.01	4.50	-5.27	1.13%	2.68
-2	-0.39%	-0.94	-4.17	-15.81	0.73%	1.75
-1	0.19%	0.46	2.04	-10.54	0.93%	2.20
day 0	-0.65%	-1.55	-6.92	-10.54	0.27%	0.65
1	-0.27%	-0.64	-2.83	5.27	0.01%	0.02
2	0.81%	1.94	8.63	5.27	0.82%	1.95
3	0.82%	1.47	6.55	0.00	1.44%	3.42
4	-0.07%	-0.17	-0.77	10.54	1.37%	3.25
5	-0.15%	-0.36	-1.59	-5.27	1.22%	2.90
6	0.22%	0.52	2.32	0.00	1.44%	3.42
7	0.40%	0.95	4.21	0.00	1.83%	4.36
8	-0.21%	-0.51	-2.25	0.00	1.62%	3.66
9	0.32%	0.75	3.36	15.81	1.94%	4.61
10	-0.08%	-0.18	-0.81	-5.27	1.86%	4.43

APPENDIX 14: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2002

Shanghai A of AB shares good news announcement 2002
Year Model N
2002 Market Model 20

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.20%	0.67	3.00	0.66	0.20%	0.67
-19	-0.08%	-0.27	-1.20	0.33	0.12%	0.40
-18	-0.15%	-0.51	-2.27	-0.66	-0.03%	-0.11
-17	-0.39%	-1.33	-5.96	-0.99	-0.43%	-1.44
-16	0.74%	2.49	11.11	0.99	0.31%	1.05
-15	-0.35%	-1.19	-5.32	-0.66	-0.04%	-0.15
-14	-0.59%	-1.98	-8.85	-1.98	-0.63%	-2.13
-13	0.06%	0.19	0.86	0.00	-0.57%	-1.93
-12	0.08%	0.27	1.22	-0.33	-0.49%	-1.66
-11	-0.49%	-1.67	-7.46	-1.65	-0.99%	-3.33
-10	-0.91%	-3.08	-13.77	-2.64	-1.90%	-6.41
-9	-0.07%	-0.23	-1.04	-0.33	-1.97%	-6.65
-8	-0.22%	-0.75	-3.34	-1.32	-2.19%	-7.39
-7	-0.14%	-0.48	-2.16	-0.33	-2.33%	-7.88
-6	-0.37%	-1.24	-5.55	-0.33	-2.70%	-9.12
-5	-0.49%	-1.61	-6.61	0.66	-2.66%	-8.38
-4	0.04%	0.27	1.20	0.00	-2.58%	-8.71
-3	0.66%	2.22	9.93	0.33	-1.92%	-6.49
-2	0.65%	2.20	9.81	0.99	-1.27%	-4.29
-1	0.13%	0.45	2.00	0.33	-1.14%	-3.84
day 0	-0.14%	-0.48	-2.13	-0.66	-1.28%	-4.32
1	-0.28%	-0.96	-4.29	-1.32	-1.56%	-5.26
2	-0.47%	-1.59	-7.08	-0.33	-2.03%	-6.87
3	-0.63%	-2.13	-9.54	-1.32	-2.66%	-9.00
4	-0.59%	-1.99	-8.91	-1.32	-3.25%	-11.00
5	-0.14%	-0.48	-2.16	-0.99	-3.40%	-11.48
6	-0.39%	-1.33	-5.94	-0.66	-3.79%	-12.81
7	-0.04%	-0.14	-0.61	-0.33	-3.83%	-12.95
8	-0.10%	-0.33	-1.49	-0.33	-3.93%	-13.28
9	-0.01%	-3.42	-15.27	-1.32	-4.94%	-16.70
10	-0.44%	-1.48	-6.62	-0.99	-5.38%	-18.18

Shanghai B of AB shares good news announcement 2002
Year Model N
2002 Market Model 20

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.42%	-1.26	-5.63	-1.76	-0.42%	-1.26
-19	-0.19%	-0.57	-2.54	-0.70	-0.61%	-1.83
-18	-0.26%	-0.79	-3.53	-1.05	-0.87%	-2.63
-17	0.03%	0.08	0.35	-0.70	-0.85%	-2.55
-16	0.21%	0.63	2.79	0.35	-0.64%	-1.92
-15	-0.10%	-0.31	-1.36	-1.05	-0.74%	-2.23
-14	-0.30%	-0.91	-4.04	-0.35	-1.04%	-3.13
-13	-0.32%	-0.95	-4.24	-2.46	-1.36%	-4.09
-12	0.31%	0.92	4.10	0.35	-1.05%	-3.17
-11	0.22%	0.66	2.92	-0.35	-0.83%	-2.51
-10	0.09%	0.26	1.16	0.00	-0.75%	-2.25
-9	0.40%	1.21	5.38	-0.70	-0.35%	-1.04
-8	-0.50%	-1.51	-6.73	-1.05	-0.85%	-2.55
-7	-0.21%	-0.65	-2.88	-0.70	-1.06%	-3.20
-6	-0.38%	-1.14	-5.09	-1.05	-1.44%	-4.34
-5	-0.42%	-1.26	-5.63	-0.70	-1.86%	-5.60
-4	0.08%	0.24	1.07	-0.70	-1.78%	-5.36
-3	0.32%	0.97	4.34	-0.35	-1.46%	-4.39
-2	0.22%	0.67	2.97	0.35	-1.24%	-3.73
-1	-0.19%	-0.57	-2.52	-0.35	-1.43%	-4.29
day 0	0.21%	0.64	2.87	0.00	-1.21%	-3.65
1	-0.10%	-0.29	-1.29	0.35	-1.31%	-3.94
2	0.53%	1.59	7.06	0.70	-0.78%	-2.35
3	-0.50%	-1.52	-6.75	-1.05	-1.28%	-3.87
4	-0.13%	-0.39	-1.73	0.00	-1.41%	-4.26
5	-0.54%	-1.64	-7.28	-1.05	-1.96%	-5.89
6	0.33%	1.00	4.45	1.05	-1.63%	-4.89
7	-0.49%	-1.49	-6.62	1.05	-2.12%	-6.38
8	-0.44%	-1.31	-5.84	-0.35	-2.55%	-7.69
9	0.05%	0.15	0.65	0.00	-2.51%	-7.54
10	-0.50%	-1.50	-6.68	-1.41	-3.00%	-9.04

Shanghai A of AB shares bad news announcement 2002

Year Model N
2002 Market Model 18

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.37%	-1.05	-4.45	-0.56	-0.37%	-1.05
-19	-0.08%	-0.22	-0.93	-0.56	-0.44%	-1.27
-18	0.02%	0.07	0.28	-0.28	-0.42%	-1.20
-17	0.63%	1.82	7.71	0.56	0.21%	0.62
-16	-0.78%	-2.24	-9.47	-1.13	-0.56%	-1.62
-15	-0.85%	-2.45	-10.35	-1.69	-1.41%	-4.07
-14	-0.79%	-2.28	-9.65	-1.69	-2.21%	-6.35
-13	0.66%	1.91	8.09	-0.56	-2.87%	-8.26
-12	-0.01%	-0.04	-0.16	0.00	-2.88%	-8.30
-11	-0.72%	-2.08	-8.79	-1.13	-3.60%	-10.37
-10	-1.18%	-3.40	-14.37	-1.85	-4.78%	-13.77
-9	-0.60%	-1.73	-7.33	-0.85	-5.39%	-16.50
-8	-0.38%	-1.09	-4.61	-0.56	-5.76%	-16.59
-7	-0.26%	-0.76	-3.21	-0.56	-6.03%	-17.35
-6	-0.01%	-0.02	-0.09	0.56	-6.04%	-17.37
-5	-0.05%	-0.13	-0.56	-0.56	-6.08%	-17.50
-4	0.10%	0.28	1.20	-0.56	-5.98%	-17.22
-3	0.02%	0.06	0.27	-0.28	-5.96%	-17.16
-2	-0.25%	-0.71	-3.00	0.00	-6.21%	-17.87
-1	-0.85%	-2.43	-10.29	-0.28	-7.05%	-20.30
day 0	-2.12%	-6.10	-25.82	-1.69	-9.17%	-26.40
1	-2.15%	-6.20	-26.24	-1.41	-11.33%	-32.60
2	-1.24%	-3.56	-15.06	-0.28	-12.57%	-36.16
3	-1.48%	-4.25	-17.98	-0.85	-14.04%	-40.41
4	-1.24%	-3.56	-15.05	-0.56	-15.28%	-43.97
5	-0.61%	-1.75	-7.41	-0.28	-15.89%	-45.72
6	-0.49%	-1.41	-5.97	-0.28	-16.38%	-47.13
7	0.43%	1.25	5.30	0.28	-15.94%	-45.88
8	0.19%	0.55	2.32	0.56	-15.75%	-45.33
9	-0.07%	-0.21	-0.90	0.00	-15.82%	-45.54
10	-0.31%	-0.89	-3.76	-0.28	-16.13%	-46.43

Shanghai A shares good news announcement 2002
Year Model N
2002 Market Model 55

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.05%	-0.33	-2.42	-0.55	-0.05%	-0.33
-19	0.02%	0.14	1.02	0.76	-0.03%	-0.19
-18	0.15%	1.11	8.22	1.42	0.15%	0.92
-17	0.19%	1.16	8.58	0.55	0.34%	2.08
-16	-0.07%	-0.44	-3.27	-0.33	0.27%	1.64
-15	-0.23%	-1.41	-10.42	-0.76	0.04%	0.23
-14	-0.06%	-0.39	-2.87	0.11	-0.03%	-0.16
-13	0.00%	0.00	-0.22	-0.11	-0.03%	-0.19
-12	-0.26%	-1.61	-11.94	-1.42	-0.29%	-1.80
-11	-0.06%	-0.34	-2.56	-0.76	-0.35%	-2.14
-10	-0.04%	-0.21	-1.59	0.33	-0.39%	-2.36
-9	-0.30%	-1.82	-13.48	-0.33	-0.68%	-4.17
-8	-0.01%	-0.06	-0.41	0.11	-0.69%	-4.23
-7	-0.07%	-0.40	-2.97	0.11	-0.76%	-4.63
-6	-0.23%	-1.41	-10.44	-0.55	-0.99%	-6.04
-5	-0.20%	-1.25	-9.24	-0.98	-1.19%	-7.28
-4	-0.18%	-1.10	-8.13	0.11	-1.37%	-8.38
-3	-0.09%	-0.56	-4.12	-1.42	-1.46%	-8.94
-2	0.06%	0.38	2.83	1.20	-1.40%	-8.55
-1	-0.06%	-0.39	-2.89	-0.55	-1.46%	-8.94
day 0	-0.38%	-2.31	-17.11	-0.33	-1.84%	-11.25
1	0.21%	1.30	9.61	0.33	-1.63%	-8.96
2	0.11%	0.70	5.21	-0.55	-1.51%	-9.25
3	-0.07%	-0.46	-3.38	-0.76	-1.59%	-9.71
4	-0.25%	-1.53	-11.31	-1.64	-1.84%	-11.24
5	-0.40%	-2.45	-18.19	-0.11	-2.24%	-13.69
6	-0.23%	-1.38	-10.27	-0.76	-2.46%	-15.07
7	-0.19%	-1.19	-8.81	-0.55	-2.66%	-16.26
8	0.12%	0.76	5.60	-0.33	-2.54%	-15.51
9	-0.28%	-1.69	-12.51	-2.73	-2.81%	-17.19
10	-0.52%	-3.18	-23.59	-2.07	-3.33%	-20.38

Shanghai A shares bad news announcement 2002

Year Model N
2002 Market Model 21

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.28%	-0.96	-4.38	-1.01	-0.28%	-0.96
-19	-0.29%	-0.99	-4.54	-0.57%	-0.29%	-1.95
-18	-0.15%	-0.51	-2.31	-1.01	-0.72%	-2.46
-17	-0.25%	-0.85	-3.90	-0.61	-0.97%	-3.31
-16	-0.19%	-0.65	-2.98	-1.42	-1.16%	-3.96
-15	-0.39%	-1.33	-6.07	-1.42	-1.55%	-5.29
-14	-0.38%	-1.28	-5.85	-1.01	-1.93%	-6.57
-13	-0.76%	-2.58	-11.80	-0.61	-2.68%	-9.15
-12	-0.17%	-0.59	-2.68	-0.61	-2.85%	-9.74
-11	-0.05%	-0.16	-0.74	-0.20	-2.90%	-9.90
-10	0.28%	0.95	4.36	1.01	-2.62%	-8.95
-9	-0.22%	-0.74	-3.40	0.20	-2.84%	-9.69
-8	-0.56%	-1.97	-9.01	-0.20	-3.42%	-11.66
-7	-0.50%	-1.70	7.79	-0.61	-2.99%	-9.96
-6	-0.07%	-0.24	-1.09	0.20	-2.99%	-10.19
-5	-0.30%	-1.03	-4.71	-1.82	-3.29%	-11.22
-4	-0.55%	-1.87	-8.56	-1.42	-3.84%	-13.09
-3	0.01%	0.03	0.15	-0.61	-3.83%	-13.06
-2	-0.07%	-0.24	-1.10	0.20	-3.90%	-13.30
-1	-0.91%	-3.20	-14.18	-1.01	-4.81%	-16.40
day 0	-1.28%	-4.35	-19.91	-2.23	-6.08%	-20.76
1	0.74%	2.54	11.61	0.20	-5.34%	-18.22
2	-0.46%	-1.56	-7.13	-0.61	-5.80%	-19.78
3	-0.23%	-0.80	-3.65	-0.61	-6.03%	-20.57
4	0.01%	0.05	0.21	0.61	-6.02%	-20.53
5	0.47%	1.59	7.27	-0.20	-5.55%	-18.94
6	-0.36%	-1.22	-5.59	-0.20	-5.91%	-20.16
7	-0.45%	-1.55	-7.07	-1.42	-6.36%	-21.71
8	-0.25%	-0.87	-3.96	-0.20	-6.62%	-22.57
9	0.23%	0.94	3.60	0.20	-6.38%	-21.78
10	0.27%	0.94	4.29	-0.20	-6.11%	-20.85

APPENDIX 15: SHANGHAI A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2003

Shanghai A of AB shares good news announcement 2003
Year Model N
2003 Market Model 24

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.26%	0.63	3.07	0.00	0.25%	0.63
-19	0.26%	0.64	3.13	-1.44	0.51%	1.27
-18	-0.15%	-0.36	-1.77	-1.44	0.37%	0.91
-17	-0.11%	-0.28	-1.38	-2.87	0.25%	0.62
-16	-0.38%	-0.94	-4.59	-5.75	-0.13%	-0.31
-15	-0.15%	-0.37	-1.83	-1.44	-0.28%	-0.69
-14	-0.09%	-0.22	-1.09	-2.87	-0.37%	-0.91
-13	-0.04%	-0.10	-0.48	0.00	-0.41%	-0.11
-12	0.08%	0.20	0.99	1.44	-0.33%	-0.81
-11	0.46%	1.12	5.50	5.75	0.13%	0.82
-10	0.05%	0.12	0.59	-5.75	0.18%	0.44
-9	0.73%	1.80	8.80	2.87	0.91%	2.24
-8	0.10%	0.25	1.24	2.87	1.01%	2.49
-7	-0.82%	-2.01	-9.82	-4.31	0.20%	-0.98
-6	-0.59%	-1.46	-7.15	-4.31	-0.40%	-0.98
-5	-0.66%	-1.63	-7.99	-4.31	-1.06%	-2.61
-4	-0.40%	-0.98	-4.78	0.00	-1.46%	-3.59
-3	0.06%	0.15	0.76	1.44	-1.39%	-3.43
-2	-0.17%	-0.41	-2.03	1.44	-1.56%	-3.85
-1	0.34%	3.29	16.09	0.00	0.16%	-0.39
day 0	1.34%	3.29	16.09	0.00	0.16%	-0.39
1	-0.11%	-0.26	-1.29	-1.44	0.05%	0.13
2	0.17%	1.74	8.53	4.31	0.76%	1.87
3	0.87%	2.15	10.53	2.87	1.63%	4.02
4	-0.29%	-0.72	-3.52	-7.19	1.34%	3.30
5	0.15%	0.36	1.75	2.87	1.49%	3.66
6	-0.46%	-1.13	-5.55	-2.87	1.03%	2.53
7	0.71%	1.74	8.51	5.75	1.73%	4.27
8	0.29%	0.73	3.55	5.75	2.03%	4.99
9	-0.33%	-0.81	-3.99	-4.31	1.70%	4.18
10	-0.11%	-0.28	-1.38	-1.44	1.58%	3.90

Shanghai B of AB shares good news announcement
Year Model N
2003 Market Model 24

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.16%	0.37	1.78	0.00	0.16%	0.37
-19	-0.03%	-0.07	-0.34	-0.99	0.13%	0.30
-18	-0.17%	-0.40	-1.93	-0.49	-0.04%	-0.10
-17	-0.21%	-0.47	-2.30	-0.99	-0.25%	-0.57
-16	-0.27%	-0.63	-3.05	-1.98	-0.52%	-1.20
-15	-0.19%	-0.43	-2.11	-0.49	-0.71%	-1.63
-14	0.20%	0.45	2.19	0.49	-0.51%	-1.18
-13	0.18%	0.42	2.05	0.99	-0.33%	-0.76
-12	-0.17%	-0.40	-1.94	-0.99	-0.51%	-1.16
-11	-0.17%	-0.39	-1.90	-1.98	-0.68%	-1.55
-10	-0.06%	-0.13	-0.63	-0.99	-0.73%	-1.68
-9	0.33%	0.77	3.74	0.99	-0.40%	-0.91
-8	-0.22%	-0.50	-2.43	-2.96	-0.61%	-1.41
-7	-0.16%	-0.36	-1.74	0.00	-0.77%	-1.77
-6	-0.31%	-0.71	-3.47	-1.98	-1.08%	-2.48
-5	-0.13%	-0.30	-1.44	-1.98	-1.21%	-2.77
-4	-0.19%	-0.45	-2.17	-0.99	-1.40%	-3.22
-3	0.19%	0.43	2.11	1.48	-1.21%	-2.79
-2	-0.17%	-0.38	-1.87	-0.49	-1.38%	-3.17
-1	0.19%	0.44	2.16	0.00	-1.19%	-2.73
day 0	1.22%	2.80	13.65	0.49	0.03%	0.07
1	-0.09%	-0.20	-0.97	-1.48	-0.08%	-0.13
2	0.30%	0.68	3.32	-0.49	0.24%	0.53
3	0.18%	0.41	1.99	0.49	0.42%	0.96
4	-0.43%	-1.00	-4.87	1.98	0.85%	1.96
5	-0.04%	-0.10	-0.49	0.49	0.81%	1.86
6	0.17%	0.38	1.87	0.49	0.98%	2.24
7	0.16%	0.38	1.85	0.99	1.14%	2.62
8	-0.10%	-0.23	-1.10	0.00	1.04%	2.40
9	-0.29%	-0.67	-3.25	-2.47	0.75%	1.73
10	0.14%	0.33	1.61	-0.99	0.90%	2.06

Shanghai B of AB shares bad news announcement 2003
Year Model N
2003 Market Model 13

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.53%	-0.75	-2.70	-3.35	-0.53%	-0.75
-19	-0.15%	-0.22	-0.78	-0.48	-0.69%	-0.97
-18	-0.49%	-0.69	-2.47	-3.35	-1.18%	-1.65
-17	0.04%	0.05	0.19	-0.48	-1.14%	-1.60
-16	0.07%	0.10	0.36	2.40	-1.07%	-1.50
-15	0.07%	0.10	0.35	2.40	-1.00%	-1.41
-14	0.27%	0.39	1.39	3.35	-0.72%	-1.02
-13	0.43%	0.60	2.18	2.40	-0.29%	-0.41
-12	0.11%	0.15	0.55	2.40	-0.19%	-0.26
-11	0.16%	0.22	0.80	0.48	-0.03%	-0.04
-10	0.41%	0.57	2.07	3.35	0.38%	0.54
-9	0.07%	0.10	0.36	1.44	0.45%	0.63
-8	0.58%	0.82	2.94	2.40	1.03%	1.45
-7	-0.24%	-0.34	-1.21	0.48	0.79%	1.11
-6	0.33%	0.46	1.66	1.44	1.12%	1.57
-5	-0.39%	-0.56	-2.00	-0.48	-0.72%	-1.02
-4	0.18%	0.26	0.93	0.48	0.91%	1.28
-3	-0.85%	-1.20	-4.33	-2.40	0.05%	0.07
-2	1.05%	1.48	5.31	4.31	1.10%	1.55
-1	0.07%	0.10	0.37	1.44	1.17%	1.65
day 0	-1.81%	-2.54	-9.16	-4.31	-0.63%	-0.89
1	-1.16%	-1.63	-5.89	-3.35	-1.79%	-2.53
2	0.51%	0.71	2.56	2.40	-1.29%	-1.81
3	0.03%	0.04	0.15	2.40	-1.26%	-1.77
4	-0.71%	-1.00	-3.60	-2.40	-1.19%	-2.77
5	-0.60%	-0.85	-3.06	-1.44	-2.57%	-3.62
6	-0.87%	-0.94	-3.39	-1.44	-3.24%	-4.56
7	1.04%	1.46	5.27	3.35	-2.20%	-3.10
8	0.14%	0.20	0.72	1.44	-2.06%	-2.90
9	0.20%	0.28	0.99	2.40	-1.86%	-2.62
10	-0.08%	-0.11	-0.39	-1.44	-1.94%	-2.73

Shanghai A of AB shares bad news announcement 2003
Year Model N
2003 Market Model 13

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.72%	-1.04	-3.74	-3.65	-0.72%	-1.04
-19	-0.23%	-0.33	-1.19	-6.08	-0.94%	-1.37
-18	0.05%	0.07	0.26	1.22	-0.89%	-1.30
-17	0.44%	0.64	2.29	3.65	-0.45%	-0.66
-16	0.02%	0.03	0.13	1.22	-0.43%	-0.63
-15	0.09%	0.13	0.47	3.65	-0.34%	-0.49
-14	1.25%	1.82	6.55	8.51	0.91%	1.33
-13	-0.33%	-0.48	-1.74	-8.51	0.58%	0.84
-12	-0.32%	-0.46	-1.66	-3.65	0.26%	0.38
-11	0.43%	0.62	2.23	-3.65	0.69%	1.00
-10	-0.11%	-0.17	-0.60	-3.65	0.57%	0.83
-9	-0.14%	-0.20	-0.71	-1.22	0.44%	0.63
-8	0.39%	0.56	2.03	1.22	0.77%	1.20
-7	-0.69%	-1.01	-3.63	-10.95	0.13%	0.19
-6	0.57%	0.82	2.96	1.22	0.70%	1.01
-5	-1.06%	-1.54	-5.56	-6.08	-0.37%	-0.53
-4	0.51%	0.75	2.68	6.08	0.15%	0.21
-3	0.07%	0.10	0.35	6.08	0.21%	0.31
-2	1.14%	1.66	5.96	3.65	1.35%	1.97
-1	-0.95%	-1.39	-4.99	-6.08	0.40%	0.58
day 0	-0.88%	-1.27	-4.58	-6.08	-0.48%	-0.69
1	-1.14%	-1.66	-5.98	-6.08	-1.62%	-2.35
2	-0.17%	-0.25	-0.90	-1.22	-1.79%	-2.60
3	0.30%	0.43	1.55	3.65	-1.50%	-2.17
4	-0.49%	-0.72	-2.58	-6.08	-1.99%	-2.89
5	-0.51%	-0.73	-2.64	-1.22	-2.49%	-3.63
6	-0.20%	-0.29	-1.05	-3.65	-2.70%	-3.92
7	0.74%	1.07	3.85	8.51	-1.96%	-2.85
8	0.76%	1.10	3.97	8.51	-1.20%	-1.75
9	-0.31%	-0.45	-1.63	-1.22	-1.51%	-2.20
10	0.01%	-0.02	-0.06	3.65	-1.50%	-2.18

Shanghai A shares good news announcement 2003
Year Model N
2003 Market Model 60

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.33%	-1.10	-8.50	-3.16	-0.33%	-1.10
-19	0.11%	0.37	2.89	3.95	-0.22%	-0.73
-18	0.21%	0.63	5.58	3.16	0.00%	0.00
-17	0.05%	0.18	1.40	5.53	0.05%	0.18
-16	0.03%	0.10	0.74	-4.74	0.08%	0.27
-15	-0.16%	-0.54	-4.16	-3.16	-0.08%	-0.27
-14	0.29%	0.99	7.61	1.58	0.21%	0.72
-13	0.04%	0.14	1.06	0.00	0.25%	0.86
-12	0.40%	1.35	10.42	3.95	0.68%	2.21
-11	-0.15%	-0.52	-4.02	-0.79	0.50%	1.69
-10	0.03%	0.11	0.86	0.00	0.53%	1.80
-9	0.48%	1.63	12.58	4.74	1.02%	3.43
-8	-0.31%	-1.04	-8.05	-1.58	0.71%	2.38
-7	-0.31%	-1.04	-8.06	-0.00	0.40%	1.34
-6	-0.55%	-1.87	-14.42	-3.16	-0.16%	-0.53
-5	-0.22%	-0.72	-5.60	-4.74	-0.37%	-1.25
-4	-0.18%	-0.60	-4.60	-4.74	-0.55%	-1.85
-3	-0.42%	-1.42	-11.00	-6.32	-0.97%	-3.27
-2	0.44%	1.47	11.34	7.91	-0.53%	-1.80
-1	-0.40%	-1.36	-10.51	-1.58	-0.94%	-3.16
day 0	0.08%	0.25	1.96	0.79	-0.86%	-2.91
1	0.15%	0.51	3.95	1.58	-0.71%	-2.40
2	0.35%	1.11	8.55	0.00	-0.36%	-1.29
3	0.51%	1.73	13.40	3.16	0.13%	0.44
4	-0.44%	-1.48	-11.41	-7.12	-0.31%	-1.03
5	0.63%	2.14	16.51	-0.79	0.33%	1.10
6	-0.02%	-0.06	-0.47	0.79	0.31%	1.04
7	0.05%	0.17	1.33	2.37	0.36%	1.22
8	-0.07%	-0.24	-1.86	-0.79	0.29%	0.97
9	0.28%	0.94	7.30	3.95	0.57%	1.92
10	0.92%	3.10	23.97	8.70	1.49%	5.02

Shanghai A shares bad news announcement 2003
Year Model N
2003 Market Model 14

Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	0.56%	0.95	3.53	2.87	0.56%	0.95
-19	-0.17%	-0.29	-1.09	0.00	0.38%	0.65
-18	0.47%	0.80	2.98	2.87	0.85%	1.45
-17	0.25%	0.43	1.62	0.00	1.11%	1.89
-16	0.66%	1.12	4.17	4.31	1.76%	3.00
-15	-0.01%	-0.02	-0.07	0.00	1.75%	2.98
-14	-0.32%	-0.55	-2.04	0.00	1.43%	2.44
-13	0.30%	0.51	1.89	1.44	1.73%	2.94
-12	-0.05%	-0.08	-0.30	0.00	1.68%	2.86
-11	-0.42%	-0.72	-2.69	-2.87	1.26%	2.14
-10	1.08%	1.84	6.88	2.87	2.34%	3.99
-9	-0.32%	-0.55	-2.04	0.00	2.02%	3.44
-8	-0.19%	-0.32	-1.18	0.00	1.83%	3.12
-7	0.29%	0.49	1.84	1.44	2.12%	3.62
-6	0.04%	0.06	0.24	-1.44	2.16%	3.68
-5	-0.72%	-1.23	-4.59	-2.87	1.44%	2.45
-4	0.15%	0.26	0.96	1.44	1.59%	2.71
-3	-0.10%	-0.18	-0.67	-2.87	1.48%	2.53
-2	-0.01%	-0.02	-0.08	0.00	1.47%	2.51
-1	-0.20%	-0.34	-1.28	-1.44	1.27%	2.16
day 0	-0.74%	-1.27	-4.73	-1.44	0.53%	0.90
	0.95%	1.62	6.06	5.75	1.48%	2.52
	0.22%	0.37	1.39	1.44	1.70%	2.89
	-0.09%	-0.16	-0.60	1.44	1.60%	2.73
	-0.46%	-0.79	-2.94	-2.87	1.14%	1.94
	-0.04%	-0.04	-0.23	-1.44	1.10%	1.88
	-0.08%	-0.16	-0.54	-2.87	1.02%	1.74
	1.18%	2.02	7.54	2.79	2.20%	3.76
	-0.40%	-0.69	-2.57	-2.87	1.80%	3.07
	-0.55%	-0.94	-3.50	-1.44	1.25%	2.13
0.79%	1.35	5.03	1.44	2.04%	3.48	

APPENDIX 16: SHANGHAI A OF AB, B OF AB AND A-SHARES -EARNINGS RESPONSES 1999-2003

Shanghai A of AB shares good news announcement 1999-2003
Year Model N
1999-2003 Market Model 112

Event Day	AR	T1	T2	T3	CAR	CART1
-20	0.06%	0.29	3.04	-0.15	0.06%	0.29
-19	0.04%	0.20	2.09	-0.61	0.11%	0.48
-18	-0.09%	-0.42	-4.41	0.01%	0.01%	-0.07
-17	-0.20%	-0.93	-9.80	-1.54	-0.19%	-0.86
-16	0.09%	0.40	4.23	-0.61	-0.10%	-0.46
-15	-0.25%	-1.14	-12.02	-0.31	-0.35%	-1.59
-14	0.28%	1.28	13.52	-0.32	-0.07%	-0.32
-13	-0.04%	-0.18	-1.95	-1.38	-0.11%	-0.50
-12	0.02%	0.10	1.10	-0.77	-0.09%	-0.40
-11	-0.10%	-0.45	-4.77	-1.23	-0.18%	-0.85
-10	-0.33%	-1.52	-16.10	-2.92	-0.52%	-2.37
-9	-0.10%	-0.45	-4.78	-1.23	-0.62%	-2.82
-8	0.07%	0.34	3.55	-0.61	-0.54%	-2.48
-7	-0.35%	-1.61	-17.06	-1.84	-0.89%	-4.10
-6	-0.21%	-0.94	-9.97	-0.15	-1.10%	-5.04
-5	-0.04%	-0.20	-2.17	0.61	-1.14%	-5.24
-4	-0.05%	-0.25	-2.61	0.48	-1.20%	-5.49
-3	0.08%	0.36	3.84	-0.31	-1.12%	-5.13
-2	0.36%	1.67	17.70	1.38	-0.75%	-3.45
-1	0.09%	0.42	4.48	0.46	-0.66%	-3.03
day 0	0.06%	0.28	2.93	-0.77	-0.60%	-2.75
1	0.16%	0.74	7.82	0.15	-0.44%	-2.01
2	0.20%	0.93	9.88	0.00	-0.24%	-1.08
3	-0.06%	-0.26	-2.71	-0.77	-0.29%	-1.34
4	-0.11%	-0.52	-5.55	-1.84	-0.41%	-1.86
5	-0.01%	-0.06	-0.63	-0.61	-0.42%	-1.92
6	0.05%	0.24	2.52	0.31	-0.37%	-1.68
7	0.01%	0.04	0.47	-0.31	-0.36%	-1.64
8	0.35%	1.62	17.18	1.84	0.00%	-0.01
9	-0.10%	-0.44	-4.70	-1.54	-0.10%	-0.46
10	-0.26%	-1.20	-12.65	-1.23	-0.36%	-1.65

Shanghai B of AB shares good news announcement 1999-2003
Year Model N
1999-2003 Market Model 112

Event Day	AR	T1	T2	T3	CAR	CART1
-20	0.01%	0.05	0.42500	-2.36	0.81%	0.05
-19	0.80%	2.59	24.18	0.36	0.81%	2.64
-18	0.23%	0.75	7.03	-0.55	1.04%	3.39
-17	0.42%	1.54	14.41	-0.18	1.52%	4.93
-16	0.28%	0.90	8.38	-0.55	1.79%	5.83
-15	0.14%	0.46	4.27	-0.36	1.93%	6.29
-14	-0.10%	-0.31	-2.92	-0.36	1.83%	5.97
-13	0.35%	1.14	10.61	-1.82	2.18%	7.11
-12	0.21%	0.67	6.24	-0.36	2.39%	7.78
-11	0.35%	1.13	10.57	-0.73	2.74%	8.91
-10	0.46%	1.50	14.04	-0.18	3.20%	10.42
-9	0.11%	0.35	3.25	-1.09	3.31%	10.76
-8	0.26%	0.84	7.82	-1.09	3.56%	11.60
-7	0.12%	0.38	3.54	-0.73	3.68%	11.88
-6	0.01%	0.02	0.16	-1.82	3.69%	12.00
-5	0.23%	0.76	7.13	-0.91	3.92%	12.76
-4	0.42%	1.35	12.64	-0.73	4.34%	14.11
-3	-0.09%	-0.31	-2.87	-0.36	4.24%	13.81
-2	0.23%	0.73	6.84	-0.36	4.47%	14.54
-1	0.31%	1.02	9.49	-0.36	4.78%	15.56
day 0	0.35%	1.15	10.76	-0.36	5.13%	16.71
1	0.01%	0.03	0.29	0.18	5.14%	16.74
2	-0.02%	-0.08	-0.76	-1.09	5.12%	16.66
3	0.30%	0.96	9.00	0.18	5.41%	17.62
4	0.27%	0.87	8.08	0.91	5.68%	18.49
5	0.20%	0.65	6.06	-0.18	5.88%	19.14
6	0.53%	1.72	16.02	1.27	6.41%	20.86
7	0.29%	0.94	8.79	0.00	6.69%	21.80
8	0.57%	1.85	17.31	1.09	7.26%	23.65
9	0.04%	0.12	1.12	-1.82	7.30%	23.77
10	0.05%	0.16	1.45	-1.45	7.35%	23.93

Shanghai A shares good news announcement 1999-2003
Year Model N
1999-2003 Market Model 278

Event Day	AR	T1	T2	T3	CAR	CART1
-20	-0.13%	-1.10	-18.32	-1.67	-0.13%	-1.10
-19	0.19%	1.59	26.49	1.98	0.06%	0.49
-18	0.11%	0.97	16.19	1.82	0.17%	1.46
-17	0.15%	1.29	21.44	3.65	0.32%	2.75
-16	-0.18%	-1.57	-26.17	-2.43	0.14%	-1.18
-15	-0.16%	-1.32	-21.99	-2.13	-0.02%	-0.14
-14	0.29%	2.44	40.54	-0.46	0.27%	2.30
-13	0.12%	1.01	16.86	0.91	0.39%	3.31
-12	0.02%	0.13	2.21	-1.22	0.40%	3.44
-11	-0.16%	-1.40	-23.33	-2.89	0.24%	2.04
-10	-0.02%	-0.21	-3.53	-0.15	0.21%	1.83
-9	0.01%	0.11	1.81	1.37	0.23%	1.94
-8	-0.18%	-1.56	-25.92	-1.37	0.04%	0.38
-7	0.12%	1.04	17.29	0.91	0.17%	1.42
-6	-0.15%	-1.26	-20.92	-1.52	0.02%	0.16
-5	-0.13%	-1.12	-18.66	-3.19	-0.11%	-0.96
-4	0.04%	0.33	5.42	1.52	-0.07%	-0.64
-3	-0.02%	-0.14	-2.37	-1.52	-0.09%	-0.78
-2	0.19%	1.62	26.86	0.15	0.10%	0.84
-1	0.02%	0.17	2.78	-1.06	0.12%	1.00
day 0	0.05%	0.43	7.15	0.76	0.17%	1.43
1	-0.07%	-0.60	-9.93	-2.58	0.10%	0.38
2	0.06%	0.54	9.00	-0.91	0.16%	1.84
3	0.17%	1.49	24.72	-0.76	0.34%	2.86
4	-0.14%	-1.22	-20.23	-2.89	0.19%	1.65
5	0.28%	2.35	39.07	1.22	0.47%	4.00
6	-0.08%	-0.67	-11.18	-1.22	0.39%	3.32
7	0.01%	0.09	1.50	0.91	0.40%	3.41
8	0.06%	0.50	8.30	-0.91	0.46%	3.91
9	-0.01%	-0.12	-2.02	-1.37	0.45%	3.79
10	0.09%	0.74	12.31	-0.76	0.53%	4.53

Shanghai A of AB shares bad news announcement 1999-2003
Year Model N
1999-2003 Market Model 70

Event Day	AR	T1	T2	T3	CAR	CART1
-20	-0.39%	-1.41	-11.74	-1.86	-0.39%	-1.41
-19	0.18%	0.65	5.44	-1.55	-0.21%	-0.76
-18	0.21%	0.76	6.29	0.00	0.00%	0.00
-17	0.19%	0.70	5.82	2.17	0.19%	0.70
-16	-0.56%	-2.01	-16.70	-3.41	-0.36%	-1.31
-15	-0.41%	-1.49	-12.38	-2.17	-0.77%	-2.79
-14	-0.16%	-0.57	-4.72	-1.55	-0.93%	-3.26
-13	-0.53%	-1.90	-15.81	-2.48	-1.46%	-5.28
-12	-0.05%	-0.17	-1.41	-1.24	-1.50%	-5.43
-11	-0.44%	-1.59	-13.21	-1.55	-2.11%	-7.61
-10	-0.44%	-1.59	-13.21	-1.55	-2.36%	-8.52
-9	-0.25%	-0.91	-7.57	-0.31	-2.42%	-8.73
-8	-0.06%	-0.21	-1.77	-0.31	-2.49%	-8.73
-7	-0.23%	-0.83	-6.89	-3.10	-2.65%	-9.56
-6	-0.09%	-0.32	-2.63	-0.31	-2.74%	-9.87
-5	-0.07%	-0.25	-2.05	-0.62	-2.80%	-10.12
-4	0.07%	0.24	2.00	-0.31	-2.74%	-9.88
-3	-0.06%	-0.22	-1.84	0.00	-2.80%	-10.10
-2	0.06%	0.93	7.76	2.17	-2.54%	-9.17
-1	-0.10%	-0.38	-3.13	0.00	-2.64%	-9.54
day 0	-0.28%	-2.95	-24.59	-2.48	-3.46%	-12.50
1	-0.28%	-1.02	-8.47	-1.24	-3.74%	-13.51
2	-0.06%	-0.22	-1.80	0.00	-3.80%	-13.73
3	0.02%	0.09	0.71	0.82	-3.78%	-13.64
4	0.02%	0.07	0.56	0.00	-3.76%	-13.58
5	0.09%	0.32	2.64	0.93	-3.67%	-13.25
6	0.00%	0.01	0.05	-0.62	-3.67%	-13.25
7	0.17%	0.63	5.21	0.93	-3.50%	-12.63
8	0.27%	0.98	8.15	2.79	-3.23%	-11.65
9	-0.18%	-0.67	-5.54	-1.55	-3.41%	-12.31
10	0.38%	1.38	11.53	1.24	-3.03%	-10.93

Shanghai A shares bad news announcement 1999-2003
Year Model N
1999-2003 Market Model 86

Event Day	AR	T1	T2	T3	CAR	CART1
-20	0.03%	0.14	1.33	-2.47	0.03%	0.14
-19	0.10%	0.47	4.34	0.00	0.13%	0.61
-18	-0.16%	-0.76	-7.09	-0.99	-0.03%	-0.15
-17	0.06%	0.31	2.86	-1.48	0.03%	0.16
-16	0.01%	0.06	0.55	0.99	0.04%	0.22
-15	-0.41%	-2.01	-18.62	-4.45	-0.37%	-1.79
-14	0.18%	0.89	8.26	1.98	-0.19%	-0.90
-13	0.18%	0.88	8.12	2.47	-0.01%	-0.03
-12	0.03%	0.17	1.53	0.99	0.03%	0.14
-11	-0.09%	-0.45	-4.18	-1.48	-0.06%	-0.31
-10	0.15%	0.73	6.74	2.47	0.09%	0.42
-9	-0.13%	-0.65	-5.99	0.49	-0.05%	-0.23
-8	-0.15%	-0.74	-6.82	-0.49	-0.20%	-0.97
-7	-0.01%	-0.03	-0.32	-3.46	-0.21%	-1.00
-6	0.31%	1.53	14.18	2.96	0.11%	0.53
-5	-0.22%	-1.07	-9.93	-2.47	-0.11%	-0.54
-4	-0.26%	-1.27	-11.77	-0.49	-0.37%	-1.81
-3	-0.02%	-0.11	-0.98	-3.46	-0.39%	-1.92
-2	-0.08%	-0.38	-3.55	-1.98	-0.47%	-2.30
-1	-0.28%	-1.37	-12.69	-2.47	-0.75%	-3.67
day 0	-0.89%	-4.30	-39.90	-6.42	-1.64%	-7.97
1	0.32%	1.56	14.50	2.96	-1.32%	-6.41
2	-0.07%	-0.34	-3.14	-0.49	-1.39%	-6.75
3	-0.16%	-0.78	-7.21	-1.98	-1.55%	-7.53
4	-0.08%	-0.38	-3.51	-0.49	-1.63%	-7.90
5	-0.05%	-0.25	-2.28	-1.48	-1.68%	-8.15
6	-0.01%	-0.07	-0.64	0.49	-1.69%	-8.22
7	0.24%	1.15	10.67	1.98	-1.45%	-7.07
8	-0.04%	-0.22	-2.02	-0.99	-1.50%	-7.29
9	0.05%	0.24	2.22	0.49	-1.45%	-7.05
10	0.29%	1.39	12.92	-0.99	-1.16%	-5.65

APPENDIX 17: SHANGHAI A OF AB, B OF AB AND A-SHARES -EARNINGS RESPONSES 1999-2003 -BASED ON THREE MODELS

Shanghai A of AB shares good news announcement 1999-2003
Year 1999-2003 N=172

Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	0.06%	0.06%	0.30%	0.30%	0.06%	0.06%
-19	0.04%	0.11%	0.18%	0.48%	0.05%	0.11%
-18	-0.09%	0.01%	0.00%	0.49%	-0.07%	0.04%
-17	-0.20%	-0.19%	-0.16%	0.33%	-0.19%	-0.15%
-16	0.09%	-0.10%	-0.21%	0.54%	0.11%	-0.04%
-15	-0.25%	-0.35%	-0.09%	0.63%	-0.22%	-0.26%
-14	0.28%	-0.07%	0.39%	1.01%	0.29%	0.03%
-13	-0.04%	-0.11%	0.32%	1.33%	0.02%	0.05%
-12	0.02%	-0.09%	0.13%	1.46%	0.03%	0.08%
-11	-0.10%	-0.13%	-0.13%	1.33%	-0.05%	0.03%
-10	-0.33%	-0.52%	-0.22%	1.11%	-0.36%	-0.33%
-9	-0.10%	-0.62%	-0.02%	1.09%	-0.12%	-0.46%
-8	0.07%	-0.54%	0.24%	1.35%	0.10%	-0.36%
-7	0.35%	-0.89%	0.02%	1.35%	-0.23%	-0.59%
-6	-0.21%	-1.10%	-0.08%	1.27%	-0.14%	-0.73%
-5	-0.04%	-1.14%	0.10%	1.37%	0.01%	-0.72%
-4	-0.05%	-1.20%	0.20%	1.57%	0.04%	-0.69%
-3	0.08%	-1.12%	-0.16%	1.41%	0.12%	-0.56%
-2	0.09%	-0.76%	0.52%	1.93%	0.43%	-0.14%
-1	0.09%	-0.68%	0.14%	2.07%	0.14%	0.01%
day 0	0.06%	-0.60%	-0.01%	2.06%	0.00%	0.17%
1	0.16%	-0.44%	-0.06%	2.00%	0.16%	0.16%
2	0.20%	-0.24%	-0.19%	2.19%	0.22%	0.39%
3	-0.06%	-0.29%	-0.15%	2.04%	-0.09%	0.31%
4	-0.11%	-0.41%	-0.55%	1.49%	-0.12%	0.18%
5	-0.01%	-0.42%	-0.13%	1.37%	0.03%	0.01%
6	0.05%	-0.37%	0.15%	1.51%	0.09%	0.29%
7	0.01%	-0.36%	0.02%	1.53%	0.03%	0.32%
8	0.35%	0.00%	0.47%	2.01%	0.37%	0.69%
9	-0.10%	-0.10%	-0.04%	1.97%	-0.09%	0.61%
10	-0.26%	-0.36%	-0.21%	1.76%	-0.22%	0.38%

Shanghai A of AB shares bad news announcement 1999-2003

Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	-0.39%	-0.39%	-0.26%	-0.26%	-0.41%	-0.41%
-19	0.18%	-0.21%	0.15%	-0.10%	0.24%	-0.17%
-18	0.21%	0.00%	0.22%	0.11%	0.22%	0.06%
-17	0.19%	0.19%	0.44%	0.55%	0.18%	0.24%
-16	-0.56%	-0.36%	-0.46%	0.09%	-0.54%	-0.31%
-15	-0.41%	-0.77%	-0.10%	-0.01%	-0.38%	-0.69%
-14	-0.16%	-0.93%	0.01%	0.00%	-0.09%	-0.78%
-13	-0.53%	-1.46%	-0.34%	-0.34%	-0.53%	-1.31%
-12	-0.05%	-1.50%	0.37%	0.03%	0.01%	-1.30%
-11	-0.16%	-1.67%	0.05%	0.08%	-0.06%	-1.36%
-10	-0.44%	-2.11%	-0.40%	-0.32%	-0.17%	-1.68%
-9	-0.25%	-2.36%	0.08%	-0.25%	-0.17%	-1.85%
-8	-0.06%	-2.42%	0.00%	-0.25%	0.03%	-1.82%
-7	-0.23%	-2.65%	-0.32%	-0.57%	-0.18%	-2.00%
-6	-0.09%	-2.74%	-0.06%	-0.63%	-0.05%	-2.05%
-5	-0.07%	-2.80%	-0.13%	-0.76%	-0.09%	-2.15%
-4	0.07%	-2.74%	-0.12%	-0.86%	0.08%	-2.07%
-3	-0.06%	-2.54%	-0.03%	-1.11%	-0.06%	-2.13%
-2	0.26%	-2.20%	-0.03%	-1.14%	0.30%	-1.82%
-1	-0.10%	-2.64%	-0.07%	-1.22%	-0.03%	-1.86%
day 0	-0.82%	-3.46%	-0.54%	-1.76%	-0.67%	-2.53%
1	-0.28%	-3.74%	-0.42%	-2.18%	-0.13%	-2.65%
2	-0.06%	-3.80%	-0.37%	-2.55%	0.02%	-2.64%
3	0.02%	-3.78%	-0.28%	-2.83%	0.12%	-2.51%
4	0.02%	-3.76%	0.11%	-2.72%	0.09%	-2.42%
5	0.09%	-3.67%	0.08%	-2.67%	0.15%	-2.27%
6	0.00%	-3.67%	-0.45%	-3.12%	0.06%	-2.21%
7	0.17%	-3.50%	0.00%	-3.12%	0.13%	-2.07%
8	0.27%	-3.23%	0.23%	-2.88%	0.26%	-1.81%
9	-0.18%	-3.41%	-0.36%	-3.25%	-0.14%	-1.95%
10	0.36%	-3.03%	0.38%	-2.87%	0.45%	-1.50%

Shanghai B of AB shares good news announcement 1999-2003
Year 1999-2003 N=172

Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	0.01%	0.01%	0.06%	0.06%	0.01%	0.01%
-19	0.80%	0.81%	0.77%	0.83%	0.82%	0.83%
-18	0.23%	1.04%	0.20%	1.03%	0.30%	1.13%
-17	0.47%	1.52%	0.44%	1.47%	0.54%	1.66%
-16	0.28%	1.79%	0.22%	1.69%	0.31%	1.97%
-15	0.14%	1.93%	0.31%	2.00%	0.18%	2.15%
-14	-0.10%	1.83%	0.18%	1.87%	-0.06%	2.09%
-13	0.35%	2.18%	0.58%	2.45%	0.44%	2.53%
-12	0.21%	2.39%	0.16%	2.61%	0.23%	2.77%
-11	0.35%	2.74%	0.17%	2.77%	0.43%	3.20%
-10	0.46%	3.20%	0.47%	3.24%	0.50%	3.70%
-9	0.11%	3.31%	0.05%	3.29%	0.11%	3.81%
-8	0.26%	3.56%	0.28%	3.58%	0.31%	4.12%
-7	0.12%	3.68%	0.32%	3.90%	0.24%	4.36%
-6	0.01%	3.69%	-0.01%	3.89%	0.10%	4.46%
-5	0.23%	3.92%	0.21%	4.10%	0.29%	4.74%
-4	0.42%	4.34%	0.55%	4.65%	0.58%	5.29%
-3	-0.09%	4.24%	-0.50%	4.15%	-0.05%	5.24%
-2	0.23%	4.47%	0.22%	4.36%	0.29%	5.53%
-1	0.31%	4.78%	0.20%	4.57%	0.38%	5.90%
day 0	0.35%	5.13%	0.15%	4.72%	0.35%	6.24%
1	0.01%	5.14%	-0.37%	4.35%	0.01%	6.25%
2	-0.02%	5.12%	-0.09%	4.16%	0.00%	6.26%
3	0.30%	5.41%	0.08%	4.33%	0.30%	6.56%
4	0.27%	5.68%	-0.30%	3.93%	0.27%	6.82%
5	0.20%	5.88%	-0.05%	3.87%	0.25%	7.07%
6	0.63%	6.41%	0.50%	4.38%	0.60%	7.68%
7	0.29%	6.69%	0.16%	4.54%	0.33%	8.01%
8	0.57%	7.26%	0.54%	5.07%	0.62%	8.63%
9	0.04%	7.30%	0.01%	5.06%	0.10%	8.73%
10	0.05%	7.35%	-0.02%	5.06%	0.12%	8.85%

Shanghai B of AB shares bad news announcement 1999-2003

Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	0.12%	0.12%	0.06%	0.06%	0.11%	0.11%
-19	0.38%	0.50%	0.08%	0.14%	0.3%	0.44%
-18	-0.01%	0.48%	-0.16%	-0.02%	0.00%	0.44%
-17	0.53%	1.02%	0.59%	0.57%	0.51%	0.95%
-16	0.29%	1.31%	0.18%	0.75%	0.28%	1.21%
-15	0.06%	1.37%	0.23%	0.98%	0.09%	1.30%
-14	-0.25%	1.13%	-0.24%	0.74%	-0.22%	1.08%
-13	0.19%	1.32%	0.23%	0.97%	0.20%	1.28%
-12	0.05%	1.37%	0.32%	1.29%	0.15%	1.43%
-11	0.32%	1.69%	0.31%	1.61%	0.38%	1.81%
-10	-0.26%	1.43%	-0.36%	1.24%	-0.13%	1.68%
-9	0.07%	1.50%	0.20%	1.45%	0.11%	1.79%
-8	0.13%	1.63%	-0.07%	1.38%	0.12%	1.91%
-7	0.16%	1.80%	-0.13%	1.25%	0.17%	2.08%
-6	0.09%	1.88%	-0.07%	1.18%	0.09%	2.17%
-5	0.08%	1.96%	-0.19%	1.00%	0.01%	2.18%
-4	-0.20%	1.77%	-0.55%	0.44%	-0.20%	1.98%
-3	-0.12%	1.65%	-0.47%	-0.03%	-0.14%	1.84%
-2	0.36%	2.01%	-0.16%	-0.19%	0.33%	2.17%
-1	-0.32%	2.33%	0.17%	-0.03%	0.36%	2.53%
day 0	-1.19%	3.15%	-1.18%	-0.21%	-1.15%	1.38%
1	-0.19%	0.98%	-0.57%	-1.70%	-0.13%	1.26%
2	0.28%	1.24%	-0.17%	-1.95%	0.37%	1.63%
3	-0.03%	1.21%	-0.55%	-2.51%	0.01%	1.63%
4	-0.18%	1.02%	-0.44%	-2.68%	-0.09%	1.60%
5	-0.27%	0.75%	-0.44%	-3.12%	-0.19%	1.41%
6	-0.34%	0.41%	-0.97%	-4.09%	-0.29%	1.12%
7	0.57%	0.97%	0.31%	-3.77%	0.60%	1.72%
8	0.09%	1.06%	0.05%	-3.83%	0.13%	1.86%
9	0.70%	1.76%	0.34%	-3.48%	0.72%	2.57%
10	0.19%	1.95%	-0.02%	-3.50%	0.21%	2.79%

Shanghai A shares good news announcement 1999-2003
Year 1999-2003 N=276

Event Day	Market Model		Mean Model		Market Adjusted Returns	
	AR	Cum Res	AR	Cum Res	AR	Cum Res
-20	-0.13%	-0.13%	-0.05%	-0.05%	-0.05%	-0.10%
-19	0.19%	0.05%	0.46%	0.46%	0.41%	0.13%
-18	0.11%	0.17%	0.06%	0.06%	0.17%	0.12%
-17	0.15%	0.32%	0.32%	0.32%	0.86%	0.17%
-16	-0.18%	0.14%	-0.11%	0.75%	-0.20%	0.23%
-15	-0.16%	-0.02%	0.13%	0.88%	-0.10%	0.13%
-14	0.29%	0.27%	0.30%	1.18%	0.24%	0.37%
-13	0.12%	0.39%	0.31%	1.49%	0.14%	0.52%
-12	0.02%	0.40%	0.23%	1.71%	-0.01%	0.51%
-11	-0.16%	0.24%	-0.26%	1.45%	-0.20%	0.30%
-10	-0.02%	0.21%	0.24%	1.69%	-0.02%	0.28%
-9	0.01%	0.23%	0.26%	1.94%	0.05%	0.33%
-8	-0.18%	0.04%	-0.01%	1.93%	-0.16%	0.17%
-7	0.12%	0.17%	0.32%	2.25%	0.15%	0.33%
-6	-0.15%	0.02%	0.19%	2.44%	-0.14%	0.15%
-5	-0.13%	-0.11%	0.13%	2.57%	-0.05%	0.19%
-4	0.04%	-0.07%	0.09%	2.67%	0.08%	0.22%
-3	-0.02%	-0.09%	0.02%	2.69%	0.00%	0.22%
-2	0.19%	0.10%	0.55%	3.24%	0.20%	0.43%
-1	0.02%	0.12%	0.33%	3.56%	0.06%	0.49%
day 0	0.05%	0.17%	0.24%	3.80%	0.09%	0.56%
1	-0.07%	0.10%	-0.03%	3.77%	-0.02%	0.56%
2	0.06%	0.16%	0.14%	3.90%	0.05%	0.61%
3	0.17%	0.34%	0.05%	3.96%	0.20%	0.82%
4	-0.14%	0.19%	-0.06%	3.90%	-0.13%	0.68%
5	0.28%	0.47%	0.38%	4.28%	0.26%	0.95%
6	-0.08%	0.39%	-0.06%	4.22%	-0.09%	0.86%
7	0.01%	0.40%	0.17%	4.39%	0.00%	0.87%
8	0.06%	0.46%	0.01%	4.40%	0.06%	0.93%
9	-0.01%	0.45%	0.02%	4.42%	-0.02%	0.91%
10	0.09%	0.53%	0.26%	4.68%	0.10%	1.00%

Shanghai A shares bad news announcement 1999-2003

Year	1999-2003		N=86		Market Model		Market Adjusted Returns	
	Event Day	AR	Cum Res	AR	Cum Res	AR	Cum Res	
	-20	0.03%	0.03%	0.32%	0.32%	-0.03%	-0.03%	
	-19	0.10%	0.13%	0.77%	1.08%	0.31%	0.29%	
	-18	-0.16%	-0.03%	0.06%	1.14%	-0.10%	0.19%	
	-17	0.06%	0.03%	0.28%	1.42%	0.17%	0.36%	
	-16	0.04%	0.04%	0.43%	1.85%	0.14%	0.50%	
	-15	-0.41%	-0.37%	-0.44%	1.42%	-0.48%	0.02%	
	-14	0.18%	-0.19%	0.68%	2.09%	0.24%	0.26%	
	-13	0.18%	-0.01%	0.22%	2.32%	0.21%	0.47%	
	-12	0.03%	0.03%	-0.16%	2.16%	-0.14%	0.33%	
	-11	-0.09%	-0.06%	0.37%	2.53%	0.00%	0.33%	
	-10	0.15%	0.09%	0.02%	2.55%	0.10%	0.43%	
	-9	-0.13%	-0.05%	-0.04%	2.50%	-0.11%	0.32%	
	-8	-0.15%	-0.20%	0.03%	2.53%	-0.12%	0.20%	
	-7	-0.01%	-0.21%	0.18%	2.71%	-0.16%	0.05%	
	-6	0.21%	0.11%	0.68%	3.39%	0.31%	0.95%	
	-5	-0.22%	-0.11%	-0.36%	3.03%	-0.16%	0.35%	
	-4	-0.26%	-0.37%	-0.07%	2.97%	-0.30%	0.09%	
	-3	-0.02%	-0.39%	-0.27%	2.69%	-0.04%	0.05%	
	-2	-0.08%	-0.47%	-0.22%	2.47%	-0.10%	-0.05%	
	-1	-0.28%	-0.75%	-0.06%	2.41%	-0.31%	-0.37%	
day 0	1	-0.89%	-1.64%	-0.64%	1.77%	-0.91%	-1.27%	
	2	0.32%	-1.32%	0.04%	1.70%	0.13%	-1.14%	
	3	-0.07%	-1.39%	0.01%	1.72%	-0.15%	-1.29%	
	4	-0.16%	-1.55%	0.02%	1.73%	-0.27%	-1.56%	
	5	-0.08%	-1.53%	-0.20%	1.54%	-0.08%	-1.64%	
	6	-0.05%	-1.68%	-0.11%	1.65%	-0.01%	-1.63%	
	7	-0.01%	-1.69%	-0.34%	1.31%	-0.16%	-1.80%	
	8	0.24%	-1.45%	0.15%	1.46%	-1.55%	-1.69%	
	9	-0.04%	-1.50%	0.11%	1.57%	-0.25%	-1.69%	
	10	0.09%	-1.45%	-0.16%	1.41%	0.07%	-1.63%	
		0.29%	-1.16%	0.36%	1.77%	0.31%	-1.32%	

APPENDIX 18: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2000

Shenzhen A of AB shares good news announcement 1999-2000

Year	Model	1999-2000 Market Model						
		N 54						
Event Day	AR	T1	T2	T3	CAR	CAR T1		
-20	-0.40%	-1.40	-10.206	-3.95	-0.40%	-1.40		
-19	0.53%	1.83	13.394	3.95	0.13%	0.44		
-18	-0.53%	-1.82	-13.347	-7.91	-0.40%	-1.39		
-17	0.64%	2.22	16.259	2.64	0.24%	0.83		
-16	0.14%	0.47	3.473	-2.64	0.38%	1.31		
-15	0.29%	1.00	7.312	5.27	0.66%	2.31		
-14	0.00%	0.00	0.011	-2.64	0.67%	2.31		
-13	0.06%	0.21	1.564	1.32	0.73%	2.52		
-12	0.13%	0.45	3.284	-2.64	0.86%	2.97		
-11	0.24%	0.85	6.213	-1.32	1.10%	3.82		
-10	-0.29%	-1.00	-7.348	-3.95	0.81%	2.82		
-9	0.61%	2.13	15.559	1.32	1.42%	4.94		
-8	0.46%	1.59	11.652	5.27	1.88%	6.54		
-7	0.46%	1.61	11.743	0.00	2.34%	8.14		
-6	-0.32%	-1.11	-8.135	-6.59	2.02%	7.03		
-5	0.53%	1.84	13.430	7.91	2.55%	8.87		
-4	-0.27%	-0.95	-6.980	-1.32	2.28%	7.91		
-3	-0.10%	-0.36	-2.605	0.00	2.18%	7.56		
-2	0.12%	0.40	2.925	1.32	2.29%	7.95		
-1	0.62%	0.95	6.891	1.32	2.31%	8.01		
day 0	0.68%	2.37	17.314	7.91	2.99%	10.37		
1	0.23%	0.79	5.754	2.64	3.21%	11.16		
2	-0.12%	-0.43	-3.130	-5.27	3.09%	10.73		
3	-0.24%	-0.83	-6.103	-6.59	2.85%	9.90		
4	-0.20%	-0.71	-5.207	-1.32	2.65%	9.19		
5	0.23%	0.81	5.944	-6.59	2.88%	10.00		
6	-0.63%	-2.19	-16.022	-6.59	2.25%	7.81		
7	0.21%	0.74	5.382	3.95	2.46%	8.54		
8	0.16%	0.57	4.135	3.95	2.62%	9.11		
9	0.27%	0.94	6.891	-2.64	2.89%	10.05		
10	0.00%	0.01	0.088	-2.64	2.90%	10.06		

Shenzhen B of AB shares good news announcement 1999-2000

Year	Model	N	54				
1999-2000	Market Model	AR	T1	T2	T3	CAR	CAR T1
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	1.05%	1.62	11.379	0.15	1.05%	1.62	
-19	2.11%	3.24	22.820	0.75	3.16%	4.86	
-18	1.65%	2.54	17.894	1.04	4.81%	7.40	
-17	2.33%	3.58	25.185	1.19	7.14%	10.98	
-16	1.48%	2.27	15.976	0.60	8.62%	13.26	
-15	0.39%	0.60	4.225	0.30	9.01%	13.86	
-14	1.96%	3.02	21.213	1.19	10.97%	16.87	
-13	1.03%	1.58	11.107	0.60	12.00%	18.45	
-12	1.29%	1.98	13.968	0.89	13.29%	20.44	
-11	0.95%	1.46	10.239	0.75	14.23%	21.89	
-10	1.11%	1.71	12.031	1.04	15.34%	23.60	
-9	0.30%	0.46	3.209	0.75	15.64%	24.06	
-8	-0.35%	-0.53	-3.750	-0.75	15.29%	23.52	
-7	1.43%	2.20	15.446	0.60	16.72%	25.72	
-6	0.87%	1.33	9.370	0.45	17.59%	27.05	
-5	0.45%	0.69	4.860	0.00	18.04%	27.74	
-4	0.99%	1.52	10.719	0.75	19.03%	29.27	
-3	-0.11%	-0.17	-1.170	0.00	18.92%	29.82	
-2	0.47%	0.72	5.047	-0.45	19.39%	29.10	
-1	1.17%	1.80	12.639	0.45	20.55%	31.61	
day 0	1.11%	1.71	12.010	0.45	21.66%	33.32	
1	1.38%	2.13	14.976	0.60	23.05%	35.45	
2	0.94%	1.44	10.137	0.45	23.98%	36.89	
3	0.01%	0.02	0.169	0.60	24.00%	36.91	
4	0.51%	0.78	5.500	0.00	24.51%	37.69	
5	0.73%	1.12	7.851	0.75	25.23%	38.81	
6	0.39%	0.60	4.199	0.15	25.62%	39.41	
7	0.67%	1.03	7.225	0.60	26.29%	40.43	
8	0.10%	0.16	1.125	-0.75	26.39%	40.59	
9	0.94%	1.44	10.126	1.94	27.33%	42.03	
10	0.51%	0.78	5.513	0.75	27.84%	42.82	

Shenzhen A of AB shares bad news announcement 1999-2000

Year	Model	N					
1999-2000	Market Model	14					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	1.51%	2.11	7.83	1.66	1.51%	2.11	
-19	1.74%	2.44	9.03	3.33	3.25%	4.55	
-18	0.31%	0.43	1.61	0.83	3.56%	4.99	
-17	0.43%	0.60	2.24	1.66	3.99%	5.59	
-16	0.59%	0.82	3.05	1.66	4.58%	6.42	
-15	1.86%	2.61	9.69	4.16	6.44%	9.03	
-14	-0.45%	-0.63	-2.33	0.00	5.99%	8.40	
-13	0.36%	0.50	1.86	-0.83	6.35%	8.91	
-12	0.85%	1.24	4.59	2.50	7.23%	10.14	
-11	-0.33%	-0.47	-1.74	-0.83	6.90%	9.68	
-10	0.63%	0.89	3.28	1.66	7.53%	10.56	
-9	-0.28%	-0.40	-1.47	-0.83	7.25%	10.17	
-8	1.25%	1.76	6.50	1.66	8.50%	11.92	
-7	2.16%	3.03	11.21	4.16	10.66%	14.95	
-6	0.09%	0.13	0.47	0.83	10.75%	15.08	
-5	-0.69%	-0.96	-3.57	-0.83	10.06%	14.11	
-4	0.01%	0.02	0.06	0.00	10.08%	14.13	
-3	-0.55%	-0.77	-2.85	-0.83	9.53%	13.36	
-2	-0.60%	-0.84	-3.12	-1.66	8.93%	12.52	
-1	-0.93%	-1.31	-4.86	-3.33	7.99%	11.21	
day 0	0.24%	0.33	1.24	0.83	8.23%	11.54	
1	-1.70%	-2.39	-8.83	-0.83	6.53%	9.16	
2	-0.79%	-1.11	-4.10	-1.66	5.74%	8.05	
3	1.71%	2.39	8.87	2.50	7.45%	10.44	
4	-0.46%	-0.68	-2.51	-1.66	6.96%	9.76	
5	0.21%	0.29	1.08	1.66	7.17%	10.05	
6	0.39%	0.54	1.99	0.83	7.55%	10.59	
7	-0.34%	-0.48	-1.77	0.00	7.21%	10.11	
8	-1.39%	-1.95	-7.21	-0.83	5.82%	8.17	
9	-0.30%	-0.42	-1.54	-0.83	5.53%	7.75	
10	1.08%	1.51	5.59	1.66	6.60%	9.26	

Shenzhen B of AB shares bad news announcement 1999-2000

Year	Model	N						
1999-2000	Market Model	14						
Event Day	AR	T1	T2	T3	CAR	CAR T1	CAR T1	
-20	3.395%	2.94	10.56	3.06	3.395%	2.94	2.94	
-19	1.634%	1.41	5.08	1.02	5.029%	4.35	4.35	
-18	3.008%	2.60	9.36	2.04	8.037%	6.95	6.95	
-17	4.607%	3.98	14.33	2.55	12.644%	10.93	10.93	
-16	4.373%	3.78	13.61	3.06	17.017%	14.71	14.71	
-15	1.895%	1.64	5.90	0.51	18.912%	16.35	16.35	
-14	1.625%	1.40	5.06	1.02	20.537%	17.75	17.75	
-13	-0.595%	-0.51	-1.85	0.51	19.941%	17.24	17.24	
-12	0.704%	0.61	2.19	1.02	20.646%	17.85	17.85	
-11	3.915%	3.38	12.18	2.04	24.561%	21.23	21.23	
-10	2.447%	2.12	7.61	0.51	27.008%	23.35	23.35	
-9	-0.398%	-0.34	-1.24	-0.51	26.610%	23.00	23.00	
-8	2.482%	2.15	7.72	0.51	29.092%	26.15	26.15	
-7	0.987%	0.86	3.10	0.51	30.089%	26.01	26.01	
-6	0.494%	0.43	1.54	0.51	30.583%	26.44	26.44	
-5	0.620%	0.54	1.93	0.51	31.203%	26.97	26.97	
-4	0.683%	0.59	2.12	0.51	31.886%	27.57	27.57	
-3	0.351%	0.30	1.09	1.02	32.238%	27.87	27.87	
-2	0.191%	0.88	3.17	-0.51	33.256%	28.75	28.75	
-1	-1.933%	-1.67	-6.01	-2.04	31.324%	27.08	27.08	
day 0	0.103%	0.09	0.32	0.51	31.426%	27.17	27.17	
1	-0.033%	-0.03	-0.10	0.51	31.393%	27.14	27.14	
2	-1.316%	-1.14	-4.09	-1.53	30.078%	26.00	26.00	
3	0.014%	0.01	0.04	0.00	30.092%	26.01	26.01	
4	0.974%	0.84	3.03	1.02	31.066%	26.86	26.86	
5	1.045%	0.90	3.25	1.02	32.111%	27.76	27.76	
6	-0.608%	-0.53	-1.89	-1.53	31.503%	27.23	27.23	
7	-2.527%	-2.18	-7.86	-1.02	28.976%	25.05	25.05	
8	-0.654%	-0.57	-2.03	-1.53	28.323%	24.48	24.48	
9	-0.992%	-0.86	-3.09	-1.02	27.330%	23.63	23.63	
10	1.582%	1.37	4.92	1.53	28.912%	24.99	24.99	

Shenzhen A shares good news announcement 1999-2000

Year	Model	N 108					
1999-2000	Market Model	AR	T1	T2	T3	CAR	CAR T1
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.030%	-0.15	-1.52	-1.13	-0.030%	-0.15	
-19	-0.305%	-1.47	-15.26	-4.14	-0.336%	-1.61	
-18	0.000%	0.00	0.01	-0.75	-0.336%	-1.61	
-17	0.212%	1.02	10.61	-1.13	-0.123%	-0.59	
-16	-0.046%	-0.22	-2.31	-3.01	-0.169%	-0.81	
-15	-0.011%	-0.05	-0.55	2.26	-0.180%	-0.87	
-14	0.003%	0.02	0.17	-3.01	-0.177%	-0.85	
-13	0.006%	0.03	0.30	-0.75	-0.171%	-0.82	
-12	-0.091%	-0.44	-4.55	-1.88	-0.262%	-1.26	
-11	-0.126%	-0.61	-6.31	-0.75	-0.388%	-1.87	
-10	-0.037%	-0.18	-1.83	-1.13	-0.425%	-2.04	
-9	-0.621%	-2.99	-31.04	-4.52	-1.046%	-5.03	
-8	-0.031%	-0.15	-1.54	1.13	-1.077%	-5.18	
-7	-0.094%	-0.45	-4.70	-1.13	-1.171%	-5.63	
-6	-0.058%	-0.28	-2.91	-2.26	-1.229%	-5.91	
-5	0.172%	0.83	8.59	1.51	-1.057%	-5.08	
-4	0.406%	1.95	20.28	0.00	-0.651%	-3.13	
-3	0.192%	0.92	9.58	1.51	-0.460%	-2.21	
-2	-0.073%	-0.35	-3.63	-2.26	-0.532%	-2.56	
-1	0.455%	2.19	22.72	2.26	-0.078%	-0.37	
day 0	0.399%	1.92	19.94	1.13	0.322%	1.55	
1	0.346%	1.66	17.27	0.75	0.667%	3.21	
2	-0.402%	-1.93	-20.11	-3.01	0.265%	1.27	
3	-0.241%	-1.16	-12.02	0.00	0.024%	0.12	
4	-0.285%	-1.37	-14.23	-1.88	-0.261%	-1.25	
5	-0.060%	-0.29	-2.98	0.00	-0.320%	-1.54	
6	0.097%	0.47	4.85	1.13	-0.223%	-1.07	
7	0.412%	1.98	20.58	4.52	0.188%	0.91	
8	0.066%	0.32	3.29	-0.75	0.255%	1.23	
9	0.107%	0.52	5.35	1.13	0.362%	1.74	
10	-0.061%	-0.29	-3.04	0.38	0.301%	1.45	

Shenzhen A shares bad news announcement 1999-2000

Year	Model	N				
1999-2000	Market Model	28				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.061%	-0.13	-0.692	5.27	-0.061%	-0.13
-19	0.208%	0.45	2.38	5.27	0.147%	0.32
-18	-0.163%	-0.35	-1.86	-10.54	-0.016%	-0.03
-17	1.025%	2.21	11.70	10.54	1.009%	2.18
-16	0.581%	1.25	6.63	5.27	1.590%	3.43
-15	-0.510%	-1.10	-5.82	-5.27	1.079%	2.33
-14	0.536%	1.16	6.12	5.27	1.615%	3.48
-13	0.606%	1.31	6.92	7.91	2.221%	4.79
-12	-0.583%	-1.26	-6.66	-13.18	1.638%	3.53
-11	0.144%	0.31	1.65	-7.91	1.783%	3.85
-10	1.028%	2.22	11.74	13.18	2.815%	6.06
-9	-0.346%	-0.94	-4.98	-5.27	2.375%	5.12
-8	1.316%	2.84	15.03	21.08	3.691%	7.96
-7	-0.225%	-0.48	-2.56	-10.54	3.467%	7.48
-6	0.826%	1.78	9.43	10.54	4.293%	9.26
-5	0.178%	0.38	2.03	-2.64	4.470%	9.64
-4	0.046%	0.10	0.53	0.00	4.516%	9.74
-3	0.184%	0.40	2.11	-2.64	4.701%	10.11
-2	-0.521%	-1.12	-5.95	-10.54	4.180%	9.02
-1	0.860%	1.85	9.81	-5.27	5.040%	10.87
day 0	-0.393%	-0.86	-4.53	-5.27	4.643%	10.02
1	0.064%	0.14	0.74	5.27	4.707%	10.16
2	0.261%	0.56	2.97	-2.64	4.965%	10.72
3	-0.034%	-0.07	-0.39	0.00	4.934%	10.64
4	0.849%	1.83	9.69	2.64	5.783%	12.48
5	0.566%	1.22	6.46	-5.27	6.349%	13.70
6	0.137%	0.30	1.56	2.64	6.486%	13.99
7	0.165%	0.36	1.88	0.00	6.651%	14.35
8	0.108%	0.23	1.23	2.64	6.759%	14.58
9	0.299%	0.65	3.41	-5.27	7.058%	15.23
10	0.246%	0.53	2.81	10.54	7.304%	15.76

APPENDIX 19: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2000-BASED ON THREE MODELS

Shenzhen A of AB shares good news announcement 1999-2000

Year	1999-2000 N=54			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	-0.40%	-0.40%	0.26%	-0.34%
-19	0.53%	0.13%	0.34%	0.52%
-18	0.53%	0.40%	0.30%	0.45%
-17	0.64%	0.24%	0.31%	0.67%
-16	0.14%	0.38%	0.32%	0.66%
-15	0.23%	0.66%	0.39%	0.98%
-14	0.00%	0.67%	0.49%	1.03%
-13	0.06%	0.86%	0.16%	1.09%
-12	0.13%	0.73%	0.05%	1.31%
-11	0.24%	1.10%	-0.17%	1.53%
-10	-0.29%	0.81%	0.08%	1.34%
-9	0.61%	1.42%	0.88%	3.49%
-8	0.46%	1.88%	0.40%	3.89%
-7	0.46%	2.34%	0.90%	4.79%
-6	-0.32%	2.02%	-0.16%	4.63%
-5	0.53%	2.55%	0.56%	5.19%
-4	-0.27%	2.28%	0.03%	5.23%
-3	-0.10%	2.18%	-0.34%	4.88%
-2	0.12%	2.29%	0.04%	4.92%
-1	0.02%	2.31%	0.10%	5.03%
day 0	0.68%	2.99%	0.59%	5.61%
1	0.23%	3.21%	0.21%	6.21%
2	-0.12%	3.09%	-0.43%	5.77%
3	-0.24%	2.85%	-0.06%	5.71%
4	-0.20%	2.65%	-0.44%	5.27%
5	0.23%	2.88%	-0.04%	5.23%
6	-0.63%	2.25%	-0.36%	4.86%
7	0.21%	2.46%	0.08%	4.95%
8	0.16%	2.62%	-0.19%	4.76%
9	0.27%	2.89%	0.26%	5.02%
10	0.00%	2.90%	-0.19%	4.84%

Shenzhen A of AB shares bad news announcement 1999-2000

Year	1999-2000 N=14			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	0.62%	0.62%	0.02%	2.02%
-19	1.51%	2.12%	1.85%	3.87%
-18	1.74%	3.86%	0.16%	4.03%
-17	0.31%	4.17%	1.10%	5.13%
-16	0.43%	4.60%	0.70%	5.82%
-15	0.59%	5.19%	2.61%	8.43%
-14	1.86%	7.08%	0.00%	8.43%
-13	-0.45%	6.61%	0.28%	8.71%
-12	0.36%	6.97%	1.10%	9.81%
-11	0.83%	7.85%	-0.14%	9.67%
-10	-0.33%	7.52%	0.36%	10.23%
-9	0.63%	8.15%	-0.14%	9.49%
-8	-0.28%	7.87%	1.48%	10.97%
-7	1.25%	9.12%	2.45%	13.41%
-6	2.16%	11.28%	0.16%	13.57%
-5	0.09%	11.37%	-0.97%	12.60%
-4	-0.69%	10.68%	0.03%	12.60%
-3	0.01%	10.69%	-0.48%	12.15%
-2	-0.55%	10.14%	-0.59%	11.56%
-1	-0.60%	9.54%	-0.96%	10.67%
day 0	-0.93%	8.61%	0.07%	10.67%
1	0.24%	8.85%	-1.60%	9.07%
2	-1.70%	7.15%	-0.48%	8.59%
3	-0.79%	6.36%	1.61%	10.20%
4	1.71%	8.06%	-1.00%	9.20%
5	-0.48%	7.58%	0.20%	9.40%
6	0.21%	7.79%	-0.85%	8.55%
7	0.36%	8.17%	7.50%	17.90%
8	-0.34%	7.83%	-1.93%	5.57%
9	-1.39%	6.44%	0.29%	5.86%
10	-0.30%	6.14%	0.72%	6.58%

Shenzhen B of AB shares good news announcement 1999-2000

Year	1999-2000 N=54			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	1.05%	1.05%	1.40%	1.40%
-19	2.11%	3.16%	1.82%	3.22%
-18	1.65%	4.81%	1.56%	4.76%
-17	2.33%	7.13%	2.34%	7.12%
-16	1.46%	8.62%	1.40%	8.62%
-15	0.39%	9.01%	0.83%	9.35%
-14	1.36%	10.97%	2.22%	11.57%
-13	1.03%	12.00%	0.93%	12.12%
-12	1.29%	13.29%	0.99%	13.12%
-11	0.95%	14.23%	0.26%	14.39%
-10	1.11%	15.34%	1.12%	14.49%
-9	0.30%	15.64%	0.99%	14.88%
-8	-0.35%	15.29%	-0.76%	14.12%
-7	1.43%	16.72%	1.70%	15.82%
-6	0.87%	17.59%	0.86%	16.68%
-5	0.45%	18.04%	0.24%	16.93%
-4	0.99%	19.03%	1.05%	17.98%
-3	-0.11%	18.92%	-0.61%	17.37%
-2	0.47%	19.39%	0.14%	17.51%
-1	1.17%	20.56%	1.06%	18.57%
day 0	1.11%	21.66%	0.79%	19.36%
1	1.38%	23.05%	1.57%	20.92%
2	0.94%	23.98%	0.40%	21.32%
3	0.01%	24.00%	-0.12%	21.20%
4	0.51%	24.51%	0.09%	21.30%
5	0.73%	25.23%	0.21%	21.51%
6	0.39%	25.62%	0.30%	21.80%
7	0.67%	26.29%	0.36%	22.16%
8	0.10%	26.39%	-0.42%	21.75%
9	0.94%	27.33%	0.71%	22.46%
10	0.51%	27.84%	0.15%	22.61%

Shenzhen B of AB shares bad news announcement 1999-2000

Year	1999-2000 N=14			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	3.40%	3.40%	3.58%	3.58%
-19	1.63%	5.03%	1.54%	5.12%
-18	3.01%	8.04%	2.57%	7.68%
-17	4.61%	12.64%	5.04%	12.72%
-16	4.37%	17.02%	4.25%	16.97%
-15	1.89%	18.91%	2.30%	19.27%
-14	1.63%	20.54%	1.84%	21.12%
-13	-0.60%	19.94%	-0.91%	20.21%
-12	0.70%	20.65%	0.88%	20.89%
-11	3.92%	24.58%	3.88%	24.77%
-10	2.45%	27.01%	2.14%	26.91%
-9	-0.40%	26.61%	-1.09%	25.86%
-8	2.48%	29.08%	2.04%	27.86%
-7	1.00%	30.08%	1.05%	28.91%
-6	0.49%	30.58%	0.33%	29.24%
-5	0.62%	31.20%	0.11%	29.34%
-4	0.68%	31.89%	0.29%	29.63%
-3	0.35%	32.24%	0.18%	29.82%
-2	1.02%	33.26%	0.79%	30.61%
-1	-1.93%	31.32%	-2.24%	28.37%
day 0	0.10%	31.43%	-0.30%	28.07%
1	-0.03%	31.39%	-0.16%	27.90%
2	-1.32%	30.08%	-1.24%	26.66%
3	0.01%	30.09%	-0.31%	26.34%
4	0.97%	31.07%	0.23%	26.57%
5	1.04%	32.11%	0.65%	27.22%
6	-0.61%	31.50%	-2.24%	24.98%
7	-2.53%	28.98%	-3.47%	21.51%
8	-0.65%	28.32%	-1.43%	20.08%
9	-0.99%	27.33%	-2.73%	19.44%
10	1.58%	28.91%	1.00%	20.43%

Shenzhen A shares good news announcement 1999-2000

Year	1999-2000 N=108			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	-0.03%	-0.03%	0.18%	0.18%
-19	0.31%	0.34%	-0.21%	-0.03%
-18	0.00%	0.34%	0.20%	0.17%
-17	0.21%	-0.12%	0.48%	0.65%
-16	-0.05%	-0.17%	0.21%	0.87%
-15	0.00%	-0.16%	0.37%	1.23%
-14	0.00%	-0.16%	0.26%	1.49%
-13	0.01%	-0.17%	0.11%	1.60%
-12	0.09%	-0.26%	0.05%	1.65%
-11	-0.13%	-0.39%	-0.08%	1.58%
-10	-0.04%	-0.42%	0.34%	1.92%
-9	-0.62%	-1.05%	-0.76%	1.16%
-8	-0.03%	-1.08%	-0.04%	1.12%
-7	-0.09%	-1.17%	-0.07%	1.05%
-6	-0.06%	-1.23%	0.22%	1.27%
-5	0.17%	-1.06%	0.36%	1.63%
-4	0.41%	-0.65%	0.42%	2.05%
-3	0.19%	-0.46%	0.28%	2.33%
-2	-0.07%	-0.53%	0.10%	2.43%
-1	0.45%	-0.08%	0.63%	3.09%
day 0	0.40%	0.32%	0.63%	3.71%
1	0.35%	0.67%	0.44%	4.15%
2	-0.40%	0.26%	-0.42%	3.72%
3	-0.24%	0.02%	-0.34%	3.38%
4	-0.28%	-0.26%	-0.38%	3.00%
5	-0.06%	-0.32%	0.10%	3.10%
6	0.10%	-0.22%	0.09%	3.19%
7	0.41%	0.19%	0.17%	3.35%
8	0.07%	0.25%	-0.03%	3.32%
9	0.11%	0.36%	0.21%	3.54%
10	-0.06%	0.30%	-0.12%	3.42%

Shenzhen A shares bad news announcement 1999-2000

Year	1999-2000 N=28			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
-20	-0.06%	-0.06%	0.45%	0.45%
-19	0.21%	0.15%	0.15%	0.90%
-18	-0.16%	-0.02%	-0.37%	0.54%
-17	1.02%	1.01%	1.19%	1.73%
-16	0.58%	1.59%	0.94%	2.66%
-15	-0.51%	1.08%	0.88%	1.78%
-14	0.54%	1.62%	0.93%	2.71%
-13	0.61%	2.22%	1.30%	4.02%
-12	-0.58%	1.64%	-0.48%	3.53%
-11	0.14%	1.78%	0.38%	3.80%
-10	1.03%	2.81%	1.19%	5.09%
-9	-0.44%	2.36%	-0.96%	4.11%
-8	1.32%	3.69%	1.75%	5.90%
-7	-0.22%	3.47%	-0.10%	5.80%
-6	0.83%	4.29%	0.65%	6.45%
-5	0.18%	4.47%	0.34%	6.79%
-4	0.05%	4.52%	0.12%	6.91%
-3	0.18%	4.70%	0.28%	7.19%
-2	-0.52%	4.18%	-0.92%	6.26%
-1	0.86%	5.04%	1.11%	7.37%
day 0	-0.40%	4.64%	-0.40%	6.97%
1	0.06%	4.71%	0.24%	7.21%
2	0.26%	4.97%	-0.06%	7.14%
3	-0.03%	4.93%	-0.21%	6.93%
4	0.85%	5.78%	0.67%	7.60%
5	0.57%	6.35%	0.13%	7.73%
6	0.14%	6.49%	-0.11%	7.62%
7	0.16%	6.65%	-0.13%	7.49%
8	0.11%	6.76%	-0.04%	7.45%
9	0.30%	7.06%	0.61%	8.07%
10	0.25%	7.25%	0.32%	8.39%

APPENDIX 20: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001-2003

Shenzhen A of AB shares good news announcement 2001-2003

Year	Model	2001-2003 Market Model						
Event Day	AR	T1	T2	T3	CAR	CAR T1	N	
-20	0.03%	0.18	1.617	-0.25	0.03%	0.18	77	
-19	0.12%	0.66	5.823	-0.75	0.16%	0.85		
-18	-0.13%	-0.69	-6.070	-1.25	0.03%	-0.69		
-17	0.30%	1.59	13.986	1.25	0.33%	1.75		
-16	-0.14%	-0.75	-6.558	-2.76	0.19%	-1.00		
-15	0.12%	0.62	5.442	-0.75	0.30%	0.82		
-14	0.04%	0.19	1.655	-3.76	0.34%	1.81		
-13	-0.15%	-0.82	-7.232	-1.76	0.19%	-0.99		
-12	-0.09%	-0.49	-4.276	-0.75	0.09%	-0.50		
-11	-0.14%	-0.76	-6.657	0.25	-0.05%	-0.26		
-10	-0.05%	-0.24	-2.142	-1.25	-0.09%	-0.50		
-9	-0.06%	-0.30	-2.652	-0.75	-0.15%	-0.81		
-8	0.01%	0.07	0.638	-1.25	-0.14%	-0.73		
-7	-0.01%	-0.06	-0.547	1.25	-0.15%	-0.79		
-6	-0.14%	-0.77	-6.754	-0.25	-0.29%	-1.56		
-5	0.00%	-0.02	-0.183	-2.26	-0.30%	-1.59		
-4	0.09%	0.49	4.341	3.76	-0.20%	-1.09		
-3	-0.15%	-0.78	-6.862	-0.75	-0.35%	-1.87		
-2	0.36%	1.91	16.758	4.27	0.01%	0.04		
-1	0.27%	1.46	12.761	1.76	0.28%	1.49		
day 0	0.09%	0.47	4.083	1.25	0.37%	1.96		
1	-0.18%	-0.95	-8.304	-2.26	0.19%	-1.01		
2	0.05%	0.29	2.516	0.25	0.24%	1.30		
3	-0.40%	-2.12	-18.618	-3.76	-0.15%	-0.82		
4	0.07%	0.37	3.266	2.26	-0.08%	-0.46		
5	-0.21%	-1.10	-9.628	-1.76	-0.29%	-1.55		
6	-0.35%	-1.85	-16.266	-1.76	-0.64%	-3.40		
7	-0.10%	-0.52	-4.532	-4.27	-0.73%	-3.92		
8	-0.04%	-0.20	-1.744	-1.76	-0.77%	-4.12		
9	0.24%	1.26	11.064	0.75	-0.54%	-2.86		
10	-0.05%	-0.24	-2.144	1.25	-0.58%	-3.10		

Shenzhen B of AB shares good news announcement 2001-2003

Year	Model	2001-2003 Market Model						
Event Day	AR	T1	T2	T3	CAR	CAR T1	N	
-20	-0.24%	-0.90	-7.847	-1.36	-0.24%	-0.90	77	
-19	-0.25%	-0.94	-8.205	-1.36	-0.49%	-1.84		
-18	-0.02%	-0.06	-0.546	0.08	-0.50%	-1.91		
-17	0.24%	0.92	8.015	0.72	-0.26%	-0.99		
-16	0.08%	0.32	2.768	-0.88	-0.18%	-0.67		
-15	0.07%	0.26	2.252	-0.88	-0.11%	-0.41		
-14	0.21%	0.81	7.079	-0.40	0.11%	0.40		
-13	-0.29%	-1.09	-8.490	-1.20	-0.18%	-0.69		
-12	-0.29%	-1.10	-9.577	-1.52	-0.47%	-1.79		
-11	-0.04%	-0.14	-1.201	-0.88	-0.51%	-1.92		
-10	-0.28%	-1.05	-9.114	-1.52	-0.78%	-2.97		
-9	-0.01%	-0.04	-0.381	-0.08	-0.79%	-3.01		
-8	0.17%	0.65	5.627	0.72	-0.62%	-2.37		
-7	-0.08%	-0.29	-2.531	-0.24	-0.70%	-2.66		
-6	-0.19%	-0.70	-6.116	-0.24	-0.89%	-3.36		
-5	0.06%	0.24	2.059	0.24	-0.82%	-3.12		
-4	-0.10%	-0.36	-3.178	-1.52	-0.92%	-3.49		
-3	-0.07%	-0.27	-2.388	-0.08	-0.99%	-3.76		
-2	0.38%	1.43	12.446	1.04	-0.62%	-2.33		
-1	0.44%	1.68	14.667	1.04	-0.17%	-0.65		
day 0	0.17%	0.64	5.615	0.24	0.00%	-0.01		
1	-0.16%	-0.62	-5.395	-1.04	-0.16%	-0.62		
2	0.11%	0.41	3.540	0.56	-0.08%	-0.22		
3	0.05%	0.20	1.740	-0.24	0.00%	-0.02		
4	-0.40%	-1.51	-13.190	-2.33	-0.40%	-1.53		
5	-0.19%	-0.72	-6.231	-1.04	-0.59%	-2.25		
6	-0.29%	-1.09	-9.464	-1.69	-0.88%	-3.34		
7	0.09%	0.34	2.949	0.08	-0.79%	-3.00		
8	-0.27%	-1.02	-8.847	-0.24	-1.06%	-4.01		
9	0.03%	0.13	1.109	-0.56	-1.02%	-3.89		
10	-0.27%	-1.02	-8.839	-1.36	-1.29%	-4.90		

Shenzhen A of AB shares bad news announcement 2001-2003

Year	Model	N	35				
2001-2003	Market Model	AR	T1	T2	T3	CAR	CAR T1
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.09%	-0.32	-1.89	0.86	-0.09%	-0.32	
-19	0.20%	0.70	4.11	-0.29	0.11%	0.38	
-18	0.66%	2.34	13.82	2.01	0.77%	2.71	
-17	0.04%	0.14	0.84	0.86	0.81%	2.86	
-16	-0.14%	-0.51	-3.01	0.86	0.67%	2.35	
-15	-0.67%	-2.34	-13.85	-3.74	0.00%	0.00	
-14	-0.16%	-0.57	-3.35	0.29	-0.16%	-0.56	
-13	0.14%	0.48	2.85	0.29	-0.02%	-0.08	
-12	-0.30%	-1.04	-6.15	1.44	-0.32%	-1.12	
-11	-0.44%	-1.54	-9.13	-2.59	-0.76%	-2.66	
-10	0.04%	0.14	0.80	0.29	-0.72%	-2.53	
-9	0.08%	0.29	1.70	0.29	-0.64%	-2.24	
-8	-0.71%	-2.48	-14.69	-2.59	-1.34%	-4.72	
-7	0.37%	1.31	7.74	0.86	-0.97%	-3.42	
-6	-0.51%	-1.78	-10.54	-1.44	-1.48%	-5.20	
-5	-1.00%	-3.52	-20.82	-5.46	-2.48%	-8.72	
-4	-0.13%	-0.45	-2.67	-1.44	-2.61%	-9.17	
-3	-0.21%	-0.74	-4.40	-2.01	-2.82%	-9.91	
-2	-0.70%	-2.48	-14.65	-3.74	-3.52%	-12.39	
-1	-0.14%	-0.50	-2.96	0.86	-3.67%	-12.89	
day 0	-0.50%	-1.77	-10.48	-1.44	-4.17%	-14.66	
1	-0.46%	-1.63	-9.63	-2.59	-4.63%	-16.29	
2	-0.04%	-0.15	-0.91	0.29	-4.68%	-16.44	
3	0.77%	2.71	16.03	3.16	-3.91%	-13.73	
4	-0.15%	-0.53	-3.12	-0.29	-4.06%	-14.26	
5	0.13%	0.46	2.70	-0.86	-3.93%	-13.80	
6	0.49%	1.73	10.22	2.01	-3.43%	-12.07	
7	-0.23%	-0.79	-4.70	-2.01	-3.66%	-12.87	
8	-0.25%	-0.89	-5.25	-2.01	-3.91%	-13.76	
9	0.14%	0.50	2.93	0.86	-3.77%	-13.26	
10	0.21%	0.73	4.30	1.44	-3.57%	-12.53	

Shenzhen B of AB shares bad news announcement 2001-2003

Year	Model	N 35						
2001-2003	Market Model	AR	T1	T2	T3	CAR	CAR T1	
Event Day	AR	T1	T2	T3	CAR	CAR T1		
-20	-0.340%	-0.73	-4.30	-0.87	-0.340%	-0.73		
-19	-0.455%	-0.98	-5.76	-1.12	-0.795%	-1.71		
-18	0.527%	1.13	6.66	0.37	-0.268%	-0.58		
-17	-0.422%	-0.91	-5.33	-1.37	-0.690%	-1.48		
-16	-0.257%	-0.55	-3.25	-0.87	-0.947%	-2.03		
-15	-0.427%	-0.92	-5.40	-1.62	-1.374%	-2.95		
-14	-0.496%	-1.07	-6.28	-0.37	-1.870%	-4.01		
-13	-0.292%	-0.63	-3.69	-0.62	-2.162%	-4.64		
-12	-0.500%	-1.07	-6.32	-0.62	-2.662%	-5.71		
-11	0.555%	1.19	7.02	-0.62	-2.106%	-4.52		
-10	0.129%	0.28	1.64	0.87	-1.977%	-4.24		
-9	-0.142%	-0.31	-1.80	-0.87	-2.119%	-4.55		
-8	-0.310%	-0.67	-3.93	-0.87	-2.430%	-5.22		
-7	-0.196%	-0.42	-2.48	0.37	-2.626%	-5.64		
-6	-0.290%	-0.62	-3.67	0.37	-2.916%	-6.26		
-5	-1.164%	-2.50	-14.73	-2.61	-4.080%	-8.76		
-4	-0.472%	-1.01	-5.97	-0.12	-4.553%	-9.77		
-3	-0.234%	-0.50	-2.96	-0.62	-4.787%	-10.28		
-2	-0.750%	-1.61	-9.48	-1.37	-5.536%	-11.89		
-1	0.071%	0.15	0.89	0.37	-5.465%	-11.74		
day 0	-0.785%	-1.69	-9.93	-0.87	-6.251%	-13.42		
1	-0.934%	-2.01	-11.82	-1.37	-7.185%	-15.43		
2	-0.944%	-2.01	-11.36	-0.62	-7.529%	-16.17		
3	0.332%	0.71	4.20	1.12	-7.197%	-15.45		
4	0.252%	0.54	3.19	1.37	-6.945%	-14.91		
5	0.304%	0.65	3.85	0.37	-6.641%	-14.26		
6	0.380%	0.82	4.81	0.62	-6.261%	-13.44		
7	-0.143%	-0.31	-1.81	0.37	-6.404%	-13.75		
8	-0.567%	-1.22	-7.18	-1.37	-6.971%	-14.97		
9	-0.340%	-0.73	-4.30	-1.62	-7.311%	-15.70		
10	-0.488%	-1.05	-6.18	-0.87	-7.799%	-16.74		

Shenzhen A shares good news announcement 2001-2003

Year	Model	Market Model	N	148						
Event Day	AR	T1	T2	T3	CAR	CAR T1				
-20	-0.08%	-0.63	-7.66	-0.51	-0.08%	-0.63				
-19	0.21%	1.65	20.10	0.51	0.13%	1.02				
-18	-0.04%	-0.34	-4.11	0.77	0.09%	0.69				
-17	0.16%	1.27	15.44	0.00	0.25%	1.96				
-16	-0.03%	-0.27	-3.28	-2.30	0.21%	1.69				
-15	-0.14%	-1.10	-13.35	-3.32	0.07%	0.59				
-14	-0.26%	-2.05	-24.90	-4.85	-0.18%	-1.46				
-13	0.02%	0.15	1.87	-0.51	-0.17%	-1.31				
-12	0.30%	2.35	28.53	0.00	0.13%	1.04				
-11	0.14%	1.10	13.38	2.04	0.27%	2.14				
-10	-0.10%	-0.81	-9.81	-2.81	0.17%	1.33				
-9	-0.29%	-2.30	-27.93	-3.32	-0.12%	-0.96				
-8	0.17%	1.34	16.33	1.53	0.05%	0.38				
-7	-0.12%	-0.97	-11.79	-1.28	-0.07%	-0.59				
-6	0.14%	1.09	13.22	1.53	0.06%	0.50				
-5	0.06%	0.44	5.38	-2.04	0.12%	0.94				
-4	-0.13%	-1.00	-12.20	-1.28	-0.01%	-0.06				
-3	-0.04%	-0.29	-3.48	-2.30	-0.04%	-0.35				
-2	0.16%	1.29	15.63	0.26	0.12%	0.94				
-1	0.04%	0.32	3.92	2.81	0.16%	1.26				
day 0	-0.14%	-1.08	-13.08	-1.02	0.02%	0.18				
1	0.32%	2.53	30.78	3.83	0.34%	2.71				
2	0.20%	1.60	19.46	1.28	0.55%	4.32				
3	0.09%	0.75	9.07	-0.51	0.64%	5.06				
4	-0.02%	-0.17	-2.02	-0.77	0.62%	4.90				
5	-0.13%	-1.06	-12.82	-1.02	0.49%	3.84				
6	-0.17%	-1.37	-16.61	-1.53	0.31%	2.47				
7	0.23%	1.84	22.41	-0.26	0.55%	4.32				
8	0.03%	0.24	2.87	-0.26	0.58%	4.55				
9	-0.03%	-0.20	-2.48	1.28	0.55%	4.35				
10	-0.27%	-2.17	-26.38	-1.79	0.28%	2.18				

Shenzhen A shares bad news announcement 2001-2003

Year	Model	N						
2001-2003	Market Model	76						
Event Day	AR	T1	T2	T3	CAR	CAR T1		
-20	-0.32%	-1.78	-15.417	-3.76	-0.32%	-1.78		
-19	0.61%	3.38	29.21	3.76	0.29%	1.59		
-18	-0.12%	-0.65	-5.64	0.00	0.17%	0.84		
-17	-0.18%	-1.01	-8.75	-1.88	-0.01%	-0.07		
-16	-0.06%	-0.32	-2.78	-1.13	-0.07%	-0.39		
-15	-0.13%	-0.71	-6.14	-0.38	-0.20%	-1.10		
-14	0.28%	1.55	13.44	-0.38	0.08%	0.45		
-13	0.02%	0.13	1.17	0.00	0.11%	0.59		
-12	0.15%	0.82	7.08	-1.88	0.25%	1.41		
-11	-0.20%	-1.12	-9.68	-4.14	0.05%	0.29		
-10	-0.19%	-1.04	-9.04	-2.64	-0.14%	-0.76		
-9	-0.08%	-0.42	-3.67	-0.75	-0.21%	-1.18		
-8	-0.23%	-1.26	-10.89	-1.13	-0.44%	-2.44		
-7	-0.29%	-1.59	-13.78	0.00	-0.72%	-4.03		
-6	0.06%	0.31	2.66	-1.13	-0.67%	-3.72		
-5	-0.03%	-0.16	-1.36	1.51	-0.70%	-3.88		
-4	-0.32%	-1.78	-15.38	-1.88	-1.02%	-5.66		
-3	-0.06%	-0.32	-2.77	-1.88	-1.08%	-5.98		
-2	-0.29%	-1.64	-14.16	0.00	-1.37%	-6.61		
-1	-0.40%	-2.21	-19.16	-3.01	-1.77%	-9.83		
day 0	-1	-0.73%	-2.38	-20.59	0.00	-2.20%	-12.21	
1	-0.43%	-4.34	-37.58	-6.57	-2.98%	-16.55		
2	0.25%	1.38	11.92	-0.75	-2.73%	-15.17		
3	0.31%	1.70	14.69	3.76	-2.42%	-13.47		
4	0.16%	0.88	7.58	0.38	-2.27%	-12.60		
5	0.43%	2.40	20.80	2.26	-1.83%	-10.20		
6	0.20%	1.09	9.43	1.13	-1.64%	-9.11		
7	0.11%	0.59	5.11	0.75	-1.53%	-8.51		
8	0.47%	2.62	22.67	3.01	-1.06%	-5.89		
9	0.34%	1.89	16.33	0.75	-0.72%	-4.01		
10	0.34%	-1.87	-16.17	-1.13	-1.06%	-5.88		

APPENDIX 21: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001-2003-BASED ON THREE MODELS

Shenzhen A of AB shares good news announcement 2001-2003

Year		2001-2003 N=77		2001-2003 N=77		2001-2003 N=77		2001-2003 N=77	
Year		Market Model		Mean Model		Market Adjusted Returns		Market Model	
Event Day	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR
-20	0.03%	0.03%	0.28%	0.03%	0.28%	0.03%	0.03%	0.03%	0.03%
-19	0.12%	0.16%	0.17%	0.03%	0.45%	0.18%	0.18%	0.22%	0.22%
-18	-0.13%	0.03%	0.07%	0.53%	-0.06%	0.16%	-0.06%	0.16%	0.16%
-17	0.30%	0.33%	0.62%	1.15%	0.40%	0.40%	0.40%	0.55%	0.55%
-16	-0.14%	0.19%	0.00%	1.15%	-0.12%	0.14%	-0.12%	0.14%	0.44%
-15	0.12%	0.34%	-0.48%	0.66%	0.14%	0.59%	0.14%	0.59%	0.59%
-14	0.04%	0.34%	-0.45%	0.21%	0.06%	0.64%	0.06%	0.64%	0.64%
-13	-0.15%	0.19%	0.19%	0.24%	0.45%	1.80%	-0.12%	0.52%	0.52%
-12	-0.09%	0.09%	0.23%	0.68%	-0.04%	0.48%	-0.04%	0.48%	0.48%
-11	-0.14%	-0.05%	0.00%	0.68%	-0.08%	0.40%	-0.08%	0.40%	0.40%
-10	-0.05%	-0.09%	-0.11%	0.57%	0.00%	0.40%	0.00%	0.40%	0.40%
-9	-0.06%	-0.15%	0.27%	0.67%	-0.03%	0.37%	-0.03%	0.37%	0.37%
-8	0.01%	-0.14%	0.07%	0.67%	0.07%	0.44%	0.07%	0.44%	0.44%
-7	-0.01%	-0.15%	-0.09%	0.58%	-0.03%	0.46%	-0.03%	0.46%	0.46%
-6	-0.14%	-0.29%	-0.14%	0.43%	-0.06%	0.41%	-0.06%	0.41%	0.41%
-5	0.00%	-0.30%	0.10%	0.54%	-0.02%	0.38%	-0.02%	0.38%	0.38%
-4	0.09%	0.29%	0.29%	0.83%	0.13%	0.51%	0.13%	0.51%	0.51%
-3	-0.15%	-0.35%	-0.08%	0.75%	-0.15%	0.36%	-0.15%	0.36%	0.36%
-2	0.36%	0.01%	-0.73%	0.01%	-0.86%	-0.49%	-0.86%	-0.49%	-0.49%
-1	0.27%	0.28%	0.05%	0.26%	0.31%	-0.18%	0.31%	-0.18%	-0.18%
day 0	0.09%	0.37%	0.08%	0.34%	0.30%	0.11%	0.30%	0.11%	0.11%
1	-0.18%	0.19%	-0.11%	0.23%	0.00%	0.17%	0.00%	0.17%	0.17%
2	0.05%	0.24%	-0.07%	0.16%	0.05%	0.17%	0.05%	0.17%	0.17%
3	-0.40%	-0.15%	-0.23%	-0.07%	-0.14%	0.03%	-0.14%	0.03%	0.03%
4	0.07%	-0.08%	0.12%	0.05%	0.10%	0.13%	0.10%	0.13%	0.13%
5	-0.21%	-0.29%	-0.32%	-0.20%	-0.29%	-0.07%	-0.29%	-0.07%	-0.07%
6	-0.95%	-0.64%	-0.46%	-0.78%	-0.29%	-0.38%	-0.29%	-0.38%	-0.38%
7	-0.10%	-0.73%	0.21%	-0.57%	0.20%	-0.18%	0.20%	-0.18%	-0.18%
8	-0.04%	-0.77%	-0.12%	-0.70%	0.10%	-0.07%	0.10%	-0.07%	-0.07%
9	0.24%	-0.54%	0.11%	-0.59%	-0.35%	-0.40%	-0.35%	-0.40%	-0.40%
10	-0.05%	-0.58%	0.27%	-0.32%	0.26%	-0.14%	0.26%	-0.14%	-0.14%

Shenzhen A of AB shares bad news announcement 2001-2003

Year		2001-2003 N=35		2001-2003 N=35		2001-2003 N=35		2001-2003 N=35	
Year		Market Model		Mean Model		Market Adjusted Returns		Market Model	
Event Day	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR
-20	-0.26%	-0.26%	0.19%	0.19%	-0.09%	-0.09%	-0.09%	-0.09%	-0.09%
-19	-0.09%	-0.35%	0.57%	0.76%	0.24%	0.15%	0.24%	0.15%	0.15%
-18	0.20%	-0.16%	0.55%	1.31%	0.53%	0.68%	0.53%	0.68%	0.68%
-17	0.66%	0.51%	0.21%	1.52%	0.04%	0.72%	0.04%	0.72%	0.72%
-16	0.04%	0.55%	0.07%	1.59%	-0.09%	0.63%	-0.09%	0.63%	0.63%
-15	-0.41%	0.41%	-0.67%	0.92%	-0.65%	-0.02%	-0.65%	-0.02%	-0.02%
-14	-0.67%	-0.26%	0.21%	1.13%	-0.21%	-0.23%	-0.21%	-0.23%	-0.23%
-13	-0.16%	-0.42%	0.60%	1.73%	0.12%	-0.11%	0.12%	-0.11%	-0.11%
-12	0.14%	-0.28%	-0.13%	1.60%	-0.24%	-0.33%	-0.24%	-0.33%	-0.33%
-11	-0.30%	-0.58%	-0.11%	1.48%	-0.55%	-0.90%	-0.55%	-0.90%	-0.90%
-10	-0.44%	-1.02%	0.14%	1.62%	0.01%	-0.90%	0.01%	-0.90%	-0.90%
-9	0.04%	-0.98%	0.41%	2.03%	0.07%	-1.59%	0.07%	-1.59%	-1.59%
-8	0.08%	-0.90%	-0.71%	1.32%	-0.77%	-1.82%	-0.77%	-1.82%	-1.82%
-7	-0.71%	-1.61%	0.67%	1.99%	0.30%	-1.29%	0.30%	-1.29%	-1.29%
-6	0.37%	-1.23%	-0.49%	1.50%	-0.54%	-1.83%	-0.54%	-1.83%	-1.83%
-5	-0.51%	-1.74%	-0.86%	0.64%	-1.02%	-2.85%	-1.02%	-2.85%	-2.85%
-4	-1.00%	-2.74%	0.02%	0.66%	-1.05%	-3.00%	-1.05%	-3.00%	-3.00%
-3	-0.13%	-2.87%	-0.28%	0.30%	-0.24%	-3.24%	-0.24%	-3.24%	-3.24%
-2	0.21%	-3.08%	-0.68%	0.30%	-0.83%	-4.07%	-0.83%	-4.07%	-4.07%
-1	-0.70%	-3.78%	-0.66%	-0.86%	-0.39%	-4.46%	-0.39%	-4.46%	-4.46%
day 0	-0.14%	-3.93%	-0.78%	-1.64%	-0.47%	-4.83%	-0.47%	-4.83%	-4.83%
1	-0.50%	-4.43%	-1.01%	-2.65%	-0.63%	-5.58%	-0.63%	-5.58%	-5.58%
2	-0.46%	-4.90%	-0.72%	-3.36%	-0.16%	-5.72%	-0.16%	-5.72%	-5.72%
3	-0.04%	-4.94%	0.23%	-3.15%	0.65%	-5.07%	0.65%	-5.07%	-5.07%
4	0.77%	-4.17%	-0.48%	-3.63%	-0.28%	-5.31%	-0.28%	-5.31%	-5.31%
5	-0.15%	-4.32%	-0.03%	-3.65%	0.13%	-5.21%	0.13%	-5.21%	-5.21%
6	0.13%	-4.19%	0.79%	-2.86%	0.57%	-4.64%	0.57%	-4.64%	-4.64%
7	0.49%	-3.70%	-0.25%	-3.11%	-0.30%	-4.94%	-0.30%	-4.94%	-4.94%
8	-0.23%	-3.92%	0.02%	-3.08%	-0.31%	-5.29%	-0.31%	-5.29%	-5.29%
9	-0.25%	-4.18%	-0.26%	-3.34%	-0.04%	-5.22%	-0.04%	-5.22%	-5.22%
10	0.14%	-4.03%	-0.12%	-3.46%	-0.08%	-5.37%	-0.08%	-5.37%	-5.37%

Shenzhen B of AB shares good news announcement 2001-2003

Year		2001-2003 N=77		2001-2003 N=77		2001-2003 N=77		2001-2003 N=77	
Year		Market Model		Mean Model		Market Adjusted Returns		Market Model	
Event Day	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR	Cum Res	AR
-20	-0.24%	-0.24%	-0.01%	-0.01%	-0.24%	-0.24%	-0.24%	-0.24%	-0.24%
-19	-0.25%	-0.48%	-0.22%	-0.03%	-0.17%	-0.41%	-0.17%	-0.41%	-0.41%
-18	-0.02%	-0.50%	-0.15%	-0.08%	0.04%	-0.37%	0.04%	-0.37%	-0.37%
-17	0.24%	-0.26%	0.56%	0.48%	0.36%	-0.07%	0.36%	-0.07%	-0.07%
-16	0.08%	-0.18%	0.18%	0.68%	0.09%	0.08%	0.09%	0.08%	0.08%
-15	0.14%	-0.11%	0.58%	1.12%	0.14%	0.23%	0.14%	0.23%	0.23%
-14	0.21%	0.11%	0.58%	1.70%	0.22%	0.45%	0.22%	0.45%	0.45%
-13	-0.29%	-0.18%	0.09%	1.80%	-0.24%	0.20%	-0.24%	0.20%	-0.24%
-12	-0.29%	-0.47%	-0.01%	1.78%	-0.25%	-0.05%	-0.25%	-0.05%	-0.05%
-11	-0.04%	-0.51%	0.08%	1.86%	0.03%	-0.02%	0.03%	-0.02%	-0.02%
-10	-0.28%	-0.79%	-0.36%	1.51%	-0.22%	-0.24%	-0.22%	-0.24%	-0.24%
-9	-0.01%	-0.79%	0.40%	1.74%	-0.01%	-0.25%	-0.01%	-0.25%	-0.25%
-8	0.17%	-0.62%	0.40%	1.74%	0.23%	-0.02%	0.23%	-0.02%	-0.02%
-7	-0.08%	-0.70%	-0.19%	1.54%	-0.05%	-0.07%	-0.05%	-0.07%	-0.07%
-6	-0.19%	-0.89%	-0.22%	1.33%	-0.11%	-0.18%	-0.11%	-0.18%	-0.18%
-5	0.06%	-0.82%	0.13%	1.46%	0.04%	-0.14%	0.04%	-0.14%	-0.14%
-4	-0.10%	-0.92%	0.35%	1.81%	0.21%	0.07%	0.21%	0.07%	0.07%
-3	-0.07%	-0.98%	-0.04%	1.77%	-0.06%	-0.01%	-0.06%	-0.01%	-0.01%
-2	0.38%	-0.62%	0.41%	2.17%	-0.56%	-0.57%	-0.56%	-0.57%	-0.57%
-1	0.44%	-0.17%	0.44%	2.62%	0.53%	-0.04%	0.53%	-0.04%	-0.04%
day 0	0.17%	0.00%	0.00%	2.63%	0.25%	0.21%	0.25%	0.21%	0.21%
1	-0.16%	-0.16%	-0.06%	2.58%	0.09%	0.30%	0.09%	0.30%	0.30%
2	0.11%	-0.06%	0.08%	2.48%	0.06%	0.35%	0.06%	0.35%	0.35%
3	0.05%	0.00%	0.00%	2.57%	0.20%	0.56%	0.20%	0.56%	0.56%
4	-0.40%	-0.40%	-0.39%	2.18%	-0.38%	0.17%	-0.38%	0.17%	-0.38%
5	-0.19%	-0.59%	-0.41%	1.76%	-0.22%	-0.04%	-0.41%	-0.22%	-0.22%
6	-0.29%	-0.88%	-0.43%	1.33%	-0.23%	-0.28%	-0.43%	-0.23%	-0.28%
7	0.69%	-0.79%	0.08%	1.41%	0.09%	-0.18%	0.09%	-0.18%	-0.18%
8	-0.27%	-1.06%	-0.47%	0.94%	-0.23%	-0.41%	-0.47%	-0.23%	-0.41%
9	0.03%	-1.02%	-0.16%	0.76%	0.09%	-0.32%	-0.16%	0.09%	-0.32%
10	-0.27%	-1.29%	-0.03%	0.75%	-0.01%	-0.35%	-0.03%	-0.35%	-0.35%

Shenzhen B of AB shares bad news announcement 2001-2003

Year	2001-2003 N=35		Mean Model		Market Adjusted Returns	
	Event Day	AR	Cum Res	AR	Cum Res	AR
2001-2003	-20	-0.34%	-0.34%	-0.08%	-0.08%	-0.33%
	-19	-0.46%	-0.79%	-0.07%	-0.15%	-0.37%
	-18	0.53%	-0.27%	0.41%	0.26%	0.52%
	-17	-0.42%	-0.69%	-0.26%	0.00%	-0.40%
	-16	-0.26%	-0.95%	-0.07%	-0.07%	-0.20%
	-15	-0.43%	-1.37%	-0.49%	-0.56%	-0.43%
	-14	-0.50%	-1.87%	-0.16%	-0.72%	-0.55%
	-13	-0.29%	-2.16%	0.11%	-0.61%	-0.34%
	-12	-0.50%	-2.66%	-0.35%	-0.97%	-0.43%
	-11	0.56%	-2.11%	0.94%	-0.02%	0.53%
2002-2003	-10	0.13%	-1.98%	0.26%	0.24%	0.16%
	-9	-0.14%	-2.12%	0.24%	0.47%	-0.07%
	-8	-0.31%	-2.43%	-0.35%	0.12%	-0.38%
	-7	-0.20%	-2.63%	0.07%	0.19%	-0.26%
	-6	-0.29%	-2.92%	-0.40%	-0.21%	-0.42%
	-5	-1.16%	-4.08%	-1.04%	-1.25%	-1.17%
	-4	-0.55%	-4.55%	-0.31%	-1.56%	-0.45%
	-3	-0.23%	-4.79%	-0.21%	-1.77%	-0.14%
	-2	-0.65%	-5.54%	-0.62%	-2.14%	-0.78%
	-1	0.07%	-5.47%	-0.23%	-2.68%	-0.03%
2003-2004	day 0	-0.79%	6.25%	1.08%	3.74%	-0.73%
	1	-0.33%	7.16%	-1.50%	-8.24%	-1.08%
	2	-0.34%	-7.55%	-1.12%	-6.36%	-0.52%
	3	0.33%	-7.20%	-0.29%	-6.85%	0.16%
	4	0.25%	-6.95%	-0.14%	-6.79%	0.09%
	5	0.30%	-6.64%	0.14%	-6.64%	0.34%
	6	0.38%	-6.26%	0.69%	-5.95%	0.50%
	7	-0.14%	-6.07%	-0.16%	-6.11%	-0.48%
	8	-0.57%	-6.97%	-0.33%	-6.44%	-0.63%
	9	-0.34%	-7.31%	-0.74%	-7.18%	-0.49%
10	-0.49%	-7.80%	-0.82%	-8.00%	-0.75%	

APPENDIX 22: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999

Shenzhen A of AB shares good news announcement 1999

Year	Model	N	27	
1999	Market Model			
Event Day	AR	T1	T2	T3
-20	-0.38%	-0.80	-4.13	-2.40
-19	1.14%	2.41	12.50	5.27
-18	-0.86%	-1.81	-9.41	-4.31
-17	1.06%	2.24	11.62	4.48
-16	0.63%	1.33	6.91	-0.48
-15	0.04%	0.08	0.42	-0.48
-14	-0.66%	-1.39	-7.22	-2.40
-13	0.01%	0.02	0.11	-1.44
-12	0.53%	1.11	5.78	-2.40
-11	0.88%	1.44	7.45	1.44
-10	-0.24%	-0.51	-2.66	0.48
-9	1.81%	3.84	19.93	5.27
-8	0.83%	1.77	9.16	4.59%
-7	0.42%	0.89	4.61	-1.44
-6	-0.58%	-1.23	-6.36	-1.44
-5	0.57%	1.20	6.23	0.48
-4	-0.54%	-1.14	-5.92	-2.40
-3	-0.25%	-0.53	-2.76	-1.44
-2	0.11%	0.24	1.23	1.44
-1	-0.20%	-0.42	-2.17	-0.48
day 0	0.88%	1.86	9.65	1.44
1	0.39%	0.83	4.32	-0.48
2	0.09%	0.19	1.01	-2.40
3	-0.43%	-0.92	-4.78	-2.40
4	-0.28%	-0.60	-3.09	-0.48
5	0.59%	1.25	6.50	-0.48
6	-0.83%	-1.75	-9.09	-3.35
7	0.20%	0.43	2.25	-0.48
8	0.33%	0.69	3.60	1.44
9	0.45%	0.96	4.99	-2.40
10	0.18%	0.36	1.95	-0.48

Shenzhen B of AB shares good news announcement 1999

Year	Model	N	27	
1999	Market Model			
Event Day	AR	T1	T2	T3
-20	-0.22%	-0.23	-1.18	-1.90
-19	0.64%	0.66	3.43	-0.63
-18	0.77%	0.80	4.14	-0.63
-17	2.15%	2.24	11.61	4.93
-16	0.38%	0.20	2.05	-1.90
-15	-0.13%	-0.13	-0.70	-0.63
-14	-0.03%	-0.03	-0.15	-0.63
-13	-1.37%	-1.43	-7.39	-5.69
-12	0.75%	0.79	4.07	0.63
-11	0.23%	0.24	1.26	4.43
-10	-0.75%	-0.78	-4.04	-0.63
-9	0.63%	0.66	3.42	3.16
-8	-0.85%	-0.88	-4.57	-8.22
-7	0.42%	0.44	2.28	-4.43
-6	0.62%	0.65	3.34	0.63
-5	0.23%	0.24	1.25	-3.16
-4	-0.13%	-0.14	-0.72	-0.63
-3	-0.87%	-0.91	-4.71	-5.69
-2	-0.04%	-0.05	-0.24	-1.90
-1	0.23%	0.25	2.33	-3.16
day 0	0.43%	0.45	2.33	-3.16
1	-0.27%	-0.28	-1.43	-1.90
2	0.27%	0.28	1.47	1.90
3	-0.09%	-0.10	-0.51	1.90
4	-0.13%	-0.13	-0.68	1.90
5	0.19%	0.20	1.04	3.16
6	-0.55%	-0.57	-2.94	-4.43
7	0.42%	0.43	2.25	3.16
8	-0.36%	-0.37	-1.93	-1.90
9	1.33%	1.39	7.19	10.75
10	-0.80%	-0.83	-4.30	0.63

Shenzhen A of AB shares bad news announcement 1999

Year	Model	N	7	
1999	Market Model			
Event Day	AR	T1	T2	T3
-20	2.80%	2.34	6.11	0.93
-19	2.02%	1.68	4.40	4.65
-18	0.43%	0.36	0.95	-0.93
-17	0.68%	0.56	1.47	2.79
-16	1.59%	1.33	3.47	2.79
-15	3.06%	2.55	6.67	4.65
-14	-2.25%	-1.88	-4.92	-2.79
-13	1.40%	1.17	3.06	0.93
-12	1.36%	1.14	2.97	4.65
-11	-0.48%	-0.40	-1.05	-0.93
-10	0.96%	0.80	2.09	0.93
-9	-0.21%	-0.17	-0.46	0.93
-8	2.95%	2.47	6.45	4.65
-7	3.26%	2.72	7.11	4.65
-6	-0.41%	-0.34	-0.93	-17.15%
-5	-0.78%	-0.65	-1.69	-0.93
-4	1.50%	1.25	3.28	2.79
-3	-1.07%	-0.89	-2.33	-2.79
-2	-1.08%	-0.90	-2.36	-2.79
-1	-1.06%	-0.89	-2.33	-2.79
day 0	0.13%	0.11	0.28	0.93
1	-3.09%	-2.58	-6.75	-2.79
2	-1.44%	-1.20	-3.14	-0.93
3	1.69%	1.42	3.70	2.79
4	-1.36%	-1.14	-2.97	-4.65
5	-0.69%	-0.58	-1.52	-0.93
6	0.86%	0.72	1.87	0.93
7	1.47%	1.23	3.20	0.93
8	-0.24%	-0.20	-0.52	0.93
9	-1.03%	-0.86	-2.24	-2.79
10	0.35%	0.29	0.76	0.93

Shenzhen A shares good news announcement 1999

Year	Model	N	55	
1999	Market Model			
Event Day	AR	T1	T2	T3
-20	-0.27%	-0.79	-5.88	-0.80
-19	-0.17%	-0.49	-3.63	-1.34
-18	0.06%	0.17	1.26	-0.80
-17	0.58%	1.71	12.66	0.27
-16	-0.27%	-0.79	-5.86	-1.88
-15	0.31%	0.92	-6.83	0.27
-14	0.00%	0.00	-0.03	-2.14
-13	0.24%	0.72	5.34	0.00
-12	-0.06%	-0.18	-1.31	-0.84
-11	0.04%	0.12	0.87	-0.80
-10	0.02%	0.07	0.52	0.00
-9	-0.68%	-2.00	-14.85	-1.61
-8	0.06%	0.17	1.26	0.80
-7	-0.31%	-0.92	-6.79	-1.61
-6	-0.28%	-0.84	-6.24	-1.34
-5	0.56%	1.66	12.29	0.27
-4	0.79%	2.34	17.32	-0.27
-3	0.32%	0.94	6.96	-0.80
-2	-0.17%	-0.51	-3.77	-1.61
-1	0.79%	2.35	17.43	0.00
day 0	0.76%	2.25	16.66	0.84
1	0.57%	1.68	12.43	-0.27
2	-0.71%	-2.09	-15.51	-3.22
3	-0.56%	-1.65	-12.21	0.00
4	-0.33%	-0.98	-7.24	-0.84
5	-0.12%	-0.34	-2.54	-1.61
6	0.20%	0.58	4.30	0.27
7	0.80%	2.36	17.50	2.68
8	0.34%	1.00	7.43	-0.27
9	0.26%	0.77	5.69	0.84
10	0.12%	0.36	2.70	0.00

Shenzhen A shares bad news announcement 1999

Year	Model	N	13	
1999	Market Model			
Event Day	AR	T1	T2	T3
-20	-0.04%	-0.06	-0.22	3.95
-19	0.38%	0.53	1.93	-3.95
-18	1.00%	1.40	5.06	1.34%
-17	2.18%	3.06	11.05	27.67
-16	-0.07%	-0.10	-0.34	-11.86
-15	-0.97%	-1.37	-4.93	-11.86
-14	0.85%	1.20	4.33	11.86
-13	1.31%	1.84	6.63	11.86
-12	-0.97%	-1.37	-4.94	-19.76
-11	0.43%	0.61	2.20	11.86
-10	1.57%	2.20	7.94	19.76
-9	-0.80%	-1.12	-4.03	-11.86
-8	1.91%	2.68	9.67	35.58
-7	-1.03%	-1.45	-5.23	-27.67
-6	0.60%	0.84	3.04	11.86
-5	1.20%	1.68	6.06	3.95
-4	-0.17%	-0.24	-0.87	-3.95
-3	1.71%	2.40	8.66	35.58
-2	-0.33%	-0.47	-1.70	-11.86
-1	0.60%	2.25	8.11	3.95
day 0	-1.85%	-1.20	-4.33	-19.76
1	-0.03%	-0.04	-0.15	3.95
2	0.36%	0.50	1.82	-11.86
3	0.09%	0.12	0.44	3.95
4	-0.21%	-0.30	-1.08	-19.76
5	0.45%	0.63	2.27	-11.86
6	0.03%	0.04	0.15	-3.95
7	-0.54%	-0.75	-2.71	-19.76
8	-0.59%	-0.83	-3.00	-11.86
9	0.79%	1.11	4.00	-11.86
10	-0.18%	-0.25	-0.89	11.86

APPENDIX 23: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2000

Shenzhen A of AB shares good news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR	CAR T1
Event Day	AR						
-20	-0.43%	-1.13	-5.85	-1.76	-0.43%	-1.76	-1.13
-19	-0.08%	-0.21	-1.11	-8.78	-0.51%	-1.34	-1.34
-18	-0.20%	-0.51	-2.67	-5.27	-0.70%	-1.86	-1.86
-17	0.22%	0.59	3.05	5.27	-0.48%	-1.27	-1.27
-16	-0.35%	-0.93	-4.84	-5.27	-0.84%	-2.20	-2.20
-15	0.54%	1.42	7.34	15.81	-0.30%	-0.79	-0.79
-14	0.66%	1.73	8.97	1.76	0.36%	0.94	0.94
-13	0.11%	0.30	1.55	8.78	0.47%	1.24	1.24
-12	-0.27%	-0.70	-3.65	1.76	0.20%	0.54	0.54
-11	-0.19%	-0.50	-2.56	-8.78	0.02%	0.04	0.04
-10	-0.34%	-0.89	-4.59	-12.30	-0.32%	-0.84	-0.84
-9	-0.59%	-1.55	-8.01	-15.81	-0.91%	-2.39	-2.39
-8	0.08%	0.23	1.16	12.30	-0.82%	-2.16	-2.16
-7	0.51%	1.33	6.90	5.27	-0.32%	-0.83	-0.83
-6	-0.06%	-0.16	-0.85	-12.30	-0.38%	-1.00	-1.00
-5	0.49%	1.29	6.71	19.33	0.11%	0.30	0.30
-4	-0.01%	-0.03	-0.16	5.27	0.10%	0.27	0.27
-3	0.05%	0.12	0.62	5.27	0.15%	0.39	0.39
-2	0.12%	0.31	1.62	-1.76	0.27%	0.70	0.70
day 0	0.49%	1.28	6.64	15.81	0.98%	2.58	2.58
1	0.06%	0.16	0.82	8.78	1.04%	2.74	2.74
2	-0.34%	-0.89	-4.62	-5.27	0.70%	1.85	1.85
3	-0.05%	-0.12	-0.62	-8.78	0.66%	1.73	1.73
4	-0.13%	-0.34	-1.77	-1.76	0.53%	1.39	1.39
5	-0.12%	-0.32	-1.67	-15.81	0.40%	1.06	1.06
6	-0.44%	-1.15	-5.95	-5.27	-0.03%	-0.08	-0.08
7	0.22%	0.58	2.99	12.30	0.19%	0.49	0.49
8	0.00%	0.00	-0.02	5.27	0.19%	0.49	0.49
9	0.09%	0.23	1.21	1.76	0.27%	0.72	0.72
10	-0.17%	-0.45	-2.33	-5.27	0.10%	0.27	0.27

Shenzhen B of AB shares good news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR	CAR T1
Event Day	AR						
-20	3.32%	2.69	13.12	0.33	2.32%	2.69	2.69
-19	3.58%	4.15	20.24	0.73	5.91%	6.84	6.84
-18	2.54%	2.94	14.35	1.00	8.45%	9.79	9.79
-17	2.50%	2.90	14.15	0.60	10.95%	12.69	12.69
-16	2.57%	2.98	14.54	0.73	13.52%	15.67	15.67
-15	0.91%	1.05	5.14	0.33	14.43%	16.73	16.73
-14	3.95%	4.58	22.31	1.13	18.38%	21.30	21.30
-13	3.42%	3.97	19.33	1.13	21.80%	25.27	25.27
-12	1.83%	2.12	10.32	0.73	23.63%	27.39	27.39
-11	1.68%	1.92	9.37	0.20	25.29%	29.31	29.31
-10	2.97%	3.44	16.78	1.00	28.26%	32.75	32.75
-9	-0.04%	-0.05	-0.23	0.33	28.22%	32.71	32.71
-8	0.15%	0.18	0.87	0.20	28.38%	32.89	32.89
-7	2.43%	2.82	13.74	1.00	30.81%	35.71	35.71
-6	1.11%	1.29	6.29	0.33	31.92%	37.00	37.00
-5	0.67%	0.77	3.77	0.33	32.59%	37.77	37.77
-4	2.11%	2.45	11.94	0.73	34.70%	40.22	40.22
-3	0.68%	0.76	3.71	0.60	35.36%	40.98	40.98
-2	0.98%	1.13	5.52	-0.20	36.34%	42.11	42.11
day 0	1.79%	2.98	14.51	0.87	38.91%	45.09	45.09
1	3.03%	3.52	17.14	0.73	43.73%	50.68	50.68
2	1.60%	1.86	9.05	0.20	45.33%	52.54	52.54
3	0.12%	0.14	0.70	0.33	45.45%	52.68	52.68
4	1.14%	1.32	6.45	-0.20	46.80%	54.00	54.00
5	1.26%	1.46	7.11	0.33	47.86%	55.46	55.46
6	1.32%	1.53	7.46	0.60	49.18%	57.00	57.00
7	0.92%	1.07	5.19	0.20	50.10%	58.06	58.06
8	0.57%	0.66	3.20	-0.47	50.66%	58.72	58.72
9	0.54%	0.63	3.05	0.60	51.20%	59.34	59.34
10	1.82%	2.10	10.25	0.60	53.02%	61.45	61.45

Shenzhen A of AB shares bad news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR	CAR T1
Event Day	AR						
-20	0.22%	0.26	0.68	2.26	0.22%	0.26	0.26
-19	1.46%	1.73	4.59	2.26	1.68%	1.99	1.99
-18	0.19%	0.22	0.58	2.26	1.86%	2.21	2.21
-17	0.19%	0.22	0.59	0.73	2.05%	2.43	2.43
-16	-0.41%	-0.49	-1.30	0.73	1.64%	1.94	1.94
-15	0.67%	0.80	2.12	3.76	2.31%	2.74	2.74
-14	1.36%	1.61	4.26	2.26	3.67%	4.35	4.35
-13	-0.68%	-0.81	-2.15	-2.26	2.98%	3.54	3.54
-12	0.41%	0.48	1.28	0.75	3.39%	4.02	4.02
-11	-0.19%	-0.23	-0.60	-0.75	3.20%	3.80	3.80
-10	0.31%	0.36	0.96	2.26	3.51%	4.16	4.16
-9	-0.36%	-0.42	-1.12	-2.26	3.15%	3.74	3.74
-8	-0.45%	-0.53	-1.40	-0.75	2.70%	3.21	3.21
-7	0.06%	0.26	3.33	3.76	3.76%	4.47	4.47
-6	0.59%	0.70	1.85	2.26	4.35%	5.17	5.17
-5	-0.60%	-0.71	-1.88	-0.73	3.75%	4.46	4.46
-4	-1.48%	-1.75	-4.64	-2.26	2.28%	2.70	2.70
-3	-0.03%	-0.03	-0.09	0.75	2.25%	2.67	2.67
-2	-0.12%	-0.15	-0.39	-0.75	2.13%	2.52	2.52
-1	-0.80%	-0.96	-2.53	-3.76	1.32%	1.57	1.57
day 0	0.35%	0.41	1.10	0.75	1.67%	1.98	1.98
1	-0.31%	-0.37	-0.98	0.75	1.36%	1.61	1.61
2	-0.14%	-0.17	-0.44	-2.26	1.21%	1.44	1.44
3	1.72%	2.04	5.40	2.26	2.93%	3.48	3.48
4	0.39%	0.47	1.23	-0.73	3.33%	3.95	3.95
5	1.11%	1.32	3.48	3.76	4.44%	5.27	5.27
6	-0.09%	-0.11	-0.29	0.75	4.34%	5.16	5.16
7	-2.15%	-2.55	-6.74	-0.75	2.20%	2.61	2.61
8	-2.54%	-3.01	-7.97	-2.26	-0.34%	-0.41	-0.41
9	0.43%	0.52	1.36	0.75	0.09%	0.11	0.11
10	1.80%	2.14	5.66	2.26	1.89%	2.25	2.25

Shenzhen B of AB shares bad news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR	CAR T1
Event Day	AR						
-20	4.89%	3.43	8.51	1.84	4.89%	3.43	3.43
-19	3.49%	2.45	6.07	1.10	8.37%	5.88	5.88
-18	4.87%	3.42	8.49	1.84	13.24%	9.30	9.30
-17	6.34%	4.45	11.04	2.57	19.58%	13.75	13.75
-16	4.52%	3.18	7.88	1.84	24.10%	16.92	16.92
-15	3.04%	2.14	5.30	1.10	27.15%	19.06	19.06
-14	3.50%	2.45	6.09	1.84	30.64%	21.52	21.52
-13	-0.55%	-0.39	-0.96	0.37	30.09%	21.13	21.13
-12	-0.37%	-0.26	-0.64	0.37	29.73%	20.87	20.87
-11	3.66%	2.57	6.38	1.10	33.39%	23.44	23.44
-10	4.73%	3.32	8.24	1.84	38.12%	26.76	26.76
-9	0.00%	0.00	0.01	-1.10	38.13%	26.77	26.77
-8	3.12%	2.19	5.43	0.37	41.24%	28.96	28.96
-7	0.67%	0.47	1.17	0.37	41.92%	29.43	29.43
-6	0.28%	0.19	0.48	-0.37	42.19%	29.62	29.62
-5	2.75%	1.91	4.75	1.10	44.92%	31.54	31.54
-4	1.04%	0.73	1.81	1.10	45.96%	32.27	32.27
-3	0.41%	0.29	0.71	0.37	46.37%	32.55	32.55
-2	1.54%	1.08	2.69	-0.37	47.91%	33.64	33.64
-1	-1.40%	-0.98	-2.44	-1.10	46.51%	32.65	32.65
day 0	0.96%	0.68	1.68	0.37	47.71%	33.33	33.33
1	0.24%	0.17	0.42	0.37	47.71%	33.33	33.33
2	-0.47%	-0.33	-0.82	-0.37	47.24%	33.17	33.17
3	-0.09%	-0.06	-0.15	0.37	47.15%	33.10	33.10
4	0.79%	0.56	1.38	-0.37	47.94%	33.66	33.66
5	2.63%	1.84	4.58	1.10	50.57%	35.50	35.50
6	-0.47%	-0.33	-0.83	-1.10	50.10%	35.17	35.17
7	-3.80%	-2.67	-6.62	-1.84	46.29%	32.50	32.50
8	-2.00%	-1.4	-3.65	-1.10	46.10%	32.36	32.36
9	0.56%	0.39	0.98	0.37	46.66%	32.76	32.76
10	2.82%	1.98	4.92	1.84	49.48%	34.74	34.74

Shenzhen A shares good news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR	CAR T1
Event Day	AR						
-20	0.21%	0.79	5.77	0.41	0.21%	0.79	0.79
-19	-0.42%	-1.59	-11.53	-5.27	-0.21%	-0.79	-0.79
-18	-0.06%	-0.25	-1.79	1.22	-0.27%	-1.04	-1.04
-17	-0.12%	-0.46	-3.38	-3.65	-0.40%	-1.50	-1.50
-16	0.24%	0.90	6.53	-0.41	-0.16%	-0.60	-0.60
-15	0.28%	1.06	7.72	4.46	0.12%	0.46	0.46
-14	-0.10%	-0.40	-2.89	-0.41	0.09%	0.06	0.06
-13	-0.12%	-0.47	-3.41	-2.03	-0.11%	-0.41	-0.41
-12	-0.11%	-0.42	-3.07	-2.03	-0.22%	-0.83	-0.83
-11	-0.34%	-1.28	-9.33	1.22	-0.56%	-2.11	-2.11
-10	-0.17%	-0.63	-4.61	-2.03	-0.73%	-2.75	-2.75
-9	-0.35%	-1.32	-9.63	-4.61	-1.07%	-4.07	-4.07
-8	-0.17%	-0.66	-4.82	-0.41	-1.25%	-4.74	-4.74
-7	0.18%	0.66	4.83	2.03	-1.07%	-4.07	-4.07
-6	0.15%	0.57	4.17	-0.41	-0.92%	-3.50	-3.50
-5	-0.02%	-0.07	-0.54	0.41	-1.06%	-4.05	-4.05
-4	0.04%	0.16	1.17	6.08	-1.01%	-3.82	-3.82
-3	-0.06%	-0.21	-1.54	0.41	-1.06%	-4.03	-4.03
day 0	0.03%	0.12	2.24	5.27	-0.98%	-3.72	-3.72
1	0.11%	0.65	4.75	2.84	-0.78%	-2.95	-2.95
2	-0.17%	-0.42	-3.06	2.84	-0.89%	-3.37	-3.37
3	0.05%	0.20	1.46	0.41	-0.84%	-3.17	-3.17
4	-0.27%	-1.01	-7.31	-2.03	-1.10%	-4.17	-4.17
5	0.12%	0.44	3.20	4.46	-0.98%	-3.73	-3.73
6	-0.01%	-0.03	-0.25	1.22	-0.99%	-3.77	-3.77
7	-0.03%	-0.11	-0.77	2.03	-1.02%	-3.87	-3.87
8	-0.26%	-0.97	-7.03	-1.22	-1.28%	-4.84	-4.84
9	-0.10%	-0.37	-2.66	1.22	-1.37%	-5.21	-5.21
10	-0.24%	-0.90	-6.55	-1.22	-1.61%	-6.11	-6.11

Shenzhen A shares bad news announcement 2000

Year 2000	Model Market Model	N	T1	T2	T3	CAR
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APPENDIX 24: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2001

Shenzhen A of AB shares good news announcement 2001

Year	Model	N						
2001	Market Model	24						
Event Day	AR	T1	T2	T3	CAR	CAR T1		
-20	-0.57%	-2.12	-10.29	-1.62	-0.57%	-2.12		
-19	-0.18%	0.65	3.16	-0.81	-0.40%	-1.47		
-18	-0.07%	-0.25	-1.23	-0.41	-0.46%	-1.72		
-17	-0.22%	-0.81	-3.94	-0.81	-0.68%	-2.54		
-16	-0.66%	-2.46	-11.95	-2.03	-1.34%	-5.00		
-15	-0.27%	-1.01	-4.88	-0.41	-1.62%	-6.01		
-14	-0.11%	-0.41	-1.99	-1.62	-1.73%	-6.42		
-13	0.00%	-0.01	-0.04	-0.81	-1.73%	-6.43		
-12	-0.13%	-0.48	-2.34	0.41	-1.86%	-6.91		
-11	0.09%	0.35	1.68	0.81	-1.77%	-6.57		
-10	-0.39%	-1.43	-6.94	-2.03	-2.15%	-8.00		
-9	0.36%	1.36	6.58	0.41	-1.79%	-6.64		
-8	-0.16%	-0.59	-2.87	-1.22	-1.95%	-7.23		
-7	0.48%	1.77	8.59	0.81	-1.47%	-5.46		
-6	-0.80%	-2.97	-14.41	-0.81	-2.27%	-8.43		
-5	-0.26%	-0.98	-4.77	-1.22	-2.53%	-9.42		
-4	-0.02%	-0.07	-0.35	0.81	-2.55%	-9.49		
-3	-0.06%	-0.24	-1.15	0.81	-2.62%	-9.73		
-2	0.63%	2.35	11.40	1.22	-1.98%	-7.38		
-1	1.07%	3.97	19.23	1.62	-0.92%	-3.41		
day 0	0.18%	0.67	3.23	0.00	-0.74%	-2.74		
1	-0.29%	-1.07	-5.21	-1.22	-1.03%	-3.82		
2	0.13%	0.47	2.28	-0.81	-0.90%	-3.35		
3	-0.44%	-1.62	-7.84	-1.62	-1.34%	-4.97		
4	-0.23%	-0.85	-4.14	0.00	-1.57%	-5.82		
5	-0.57%	-2.11	-10.22	-2.03	-2.13%	-7.93		
6	-0.25%	-0.92	-4.46	-0.41	-2.38%	-8.85		
7	-0.17%	-0.63	-3.04	-1.62	-2.55%	-9.47		
8	0.77%	2.86	13.85	0.00	-1.78%	-6.62		
9	0.21%	0.79	3.83	-0.81	-1.57%	-5.83		
10	0.52%	1.92	9.31	0.00	-1.05%	-3.91		

Shenzhen B of AB shares good news announcement 2001

Year	Model	N					
2001	Market Model	24					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.30%	-0.45	-2.22	-0.61	-0.30%	-0.45	
-19	-0.39%	-0.59	-2.88	-1.82	-0.69%	-1.04	
-18	0.30%	0.45	2.21	0.30	-0.39%	-0.59	
-17	0.07%	0.11	0.54	-0.30	-0.32%	-0.48	
-16	0.03%	-0.05	-0.24	-1.22	-0.35%	-0.53	
-15	0.10%	0.15	0.72	-0.91	-0.26%	-0.38	
-14	0.15%	0.22	1.08	-0.61	-0.11%	-0.16	
-13	-0.27%	-0.41	-2.00	-0.91	-0.38%	-0.57	
-12	-0.56%	-0.84	-4.10	-0.91	-0.94%	-1.41	
-11	0.00%	-0.01	-0.03	-0.91	-0.94%	-1.42	
-10	-0.33%	-0.50	-2.44	-1.22	-1.28%	-1.91	
-9	-0.23%	-0.35	-1.71	-0.91	-1.51%	-2.26	
-8	-0.09%	-0.13	-0.64	0.00	-1.60%	-2.39	
-7	0.16%	0.24	1.17	-0.30	-1.44%	-2.16	
-6	-0.70%	-1.05	-5.12	-0.61	-2.13%	-3.20	
-5	-0.26%	-0.39	-1.92	0.30	-2.40%	-3.59	
-4	0.23%	0.34	1.67	-0.61	-2.17%	-3.25	
-3	0.12%	0.18	0.88	0.00	-2.05%	-3.07	
-2	-0.19%	-0.28	-1.38	-0.61	-2.24%	-3.36	
-1	1.16%	1.73	8.49	1.52	-1.08%	-1.62	
day 0	-0.08%	-0.11	-0.56	0.61	-1.16%	-1.74	
	-0.02%	-0.02	-0.12	-0.30	-1.17%	-1.76	
	0.21%	0.31	1.53	0.30	-0.96%	-1.45	
	0.32%	0.47	2.32	0.00	-0.85%	-0.97	
	-0.94%	-1.41	-6.89	-2.43	-1.59%	-2.38	
	-1.02%	-1.53	-7.50	-2.13	-2.61%	-3.91	
	-0.47%	-0.71	-3.49	-1.52	-3.08%	-4.63	
	-0.38%	-0.57	-2.80	-0.61	-3.46%	-5.20	
	0.17%	0.25	1.23	0.30	-3.30%	-4.95	
	-0.06%	-0.09	-0.43	-0.30	-3.36%	-5.04	
10	0.61%	0.91	4.46	0.61	-2.75%	-4.12	

Shenzhen A of AB shares bad news announcement 2001

Year	Model	N					
2001	Market Model	13					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.08%	-0.16	-0.58	-1.76	-0.08%	-0.16	
-19	0.75%	1.46	5.26	5.27	0.67%	1.30	
-18	1.08%	2.11	7.60	5.27	1.75%	3.41	
-17	-0.34%	-0.67	-2.42	1.76	1.40%	2.73	
-16	-0.68%	-1.33	-4.80	-5.27	0.72%	1.40	
-15	-1.28%	-2.49	-8.99	-15.81	-0.56%	-1.09	
-14	-0.52%	-1.01	-3.63	5.27	-1.08%	-2.10	
-13	0.91%	1.76	6.36	8.78	-0.17%	-0.33	
-12	-0.46%	-0.90	-3.25	-1.76	-0.63%	-1.23	
-11	-0.58%	-1.14	-4.09	-5.27	-1.22%	-2.37	
-10	0.34%	0.67	2.42	5.27	-0.87%	-1.70	
-9	0.15%	0.30	1.07	5.27	-0.72%	-1.40	
-8	-0.66%	-1.29	-4.64	-5.27	-1.38%	-2.69	
-7	0.63%	1.24	4.46	8.78	-0.74%	-1.45	
-6	-0.05%	-0.10	-0.37	-5.27	-0.80%	-1.55	
-5	-0.85%	-1.66	-6.00	-19.33	-1.65%	-3.22	
-4	0.19%	0.37	1.33	-8.78	-1.46%	-2.85	
-3	-0.55%	-1.08	-3.88	-8.78	-2.01%	-3.93	
-2	-0.59%	-1.14	-4.11	-5.27	-2.60%	-5.07	
-1	0.79%	1.53	5.53	12.30	-1.81%	-3.53	
day 0	-0.52%	-1.02	-3.69	-1.76	-2.34%	-4.56	
1	-0.41%	-0.80	-2.90	-5.27	-2.75%	-5.36	
2	-0.28%	-0.55	-1.97	-1.76	-3.03%	-5.91	
3	1.22%	2.39	8.61	5.27	-1.81%	-3.52	
4	-0.08%	-0.16	-0.59	1.76	-1.89%	-3.69	
5	0.17%	0.34	1.23	5.27	-1.72%	-3.35	
6	0.59%	1.16	4.18	5.27	-1.12%	-2.19	
7	0.35%	0.68	2.46	-5.27	-0.77%	-1.50	
8	-0.24%	-0.46	-1.66	-8.78	-1.01%	-1.97	
9	0.88%	1.72	6.20	5.27	-0.13%	-0.25	
10	1.56%	3.04	10.98	8.78	1.44%	2.80	

Shenzhen B of AB shares bad news announcement 2001

Year	Model	Market Model	N							
2001			13	T1	T2	T3	CAR	CAR T1		
Event Day	AR									
-20	-0.72%		-0.69	-2.47	-2.26	-0.72%				
-19	-0.77%		-0.73	-2.63	-2.26	-1.49%				
-18	0.46%		0.44	1.57	0.32	-1.04%				
-17	-1.13%		-1.07	-3.87	-2.90	-2.17%				
-16	-0.70%		-0.66	-2.38	-2.26	-2.86%				
-15	-0.53%		-0.50	-1.80	-0.97	-3.39%				
-14	-0.56%		-0.53	-1.90	-0.32	-3.95%				
-13	0.60%		0.57	2.04	0.97	-3.35%				
-12	-0.64%		-0.61	-2.19	-0.32	-3.99%				
-11	-0.55%		-0.53	-1.90	-0.97	-4.55%				
-10	-0.31%		-0.30	-1.07	0.32	-4.86%				
-9	-0.38%		-0.36	-1.31	-0.97	-5.24%				
-8	-0.44%		-0.41	-1.49	-0.97	-5.68%				
-7	-0.07%		-0.07	-0.23	0.97	-5.74%				
-6	0.66%		0.62	2.25	1.61	-5.09%				
-5	-0.93%		-0.88	-3.16	-2.26	-6.01%				
-4	-0.89%		-0.84	-3.04	-1.61	-6.90%				
-3	-1.62%		-1.54	-5.53	-1.61	-8.52%				
-2	-1.56%		-1.48	-5.31	-2.90	-10.08%				
-1	-0.70%		-0.66	-2.39	-0.32	-10.78%				
day 0	-1.00%		-0.95	-3.41	-1.61	-11.78%				
1	-0.98%		-0.93	-3.33	-0.32	-12.75%				
2	-0.03%		-0.03	-0.11	0.32	-12.79%				
3	0.01%		0.96	3.44	2.26	-11.78%				
4	0.61%		0.58	2.08	2.26	-11.17%				
5	0.74%		0.70	2.53	2.26	-10.43%				
6	0.21%		0.20	0.71	0.32	-10.22%				
7	0.05%		0.05	0.19	1.61	-10.17%				
8	-0.68%		-0.64	-2.31	-2.26	-10.84%				
9	0.33%		0.31	1.11	-0.97	-10.52%				
10	-0.10%		-0.10	-0.36	-0.97	-10.62%				

Shenzhen A shares good news announcement 2001

Year	Model	N				
2001	Market Model	45				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.02%	-0.09	-0.58	1.08	-0.02%	-0.09
-19	0.07%	0.33	2.22	0.22	0.05%	0.24
-18	0.06%	0.28	1.86	-0.22	0.11%	0.52
-17	0.12%	0.55	3.72	1.08	0.23%	1.08
-16	-0.34%	-1.58	-10.62	-3.68	-0.11%	-0.51
-15	-0.18%	-0.84	-5.65	-1.08	-0.29%	-1.35
-14	-0.20%	-0.95	-6.36	-3.25	-0.49%	-2.30
-13	0.11%	0.51	3.40	1.08	-0.38%	-1.79
-12	-0.07%	-0.31	-2.05	-1.08	-0.45%	-2.10
-11	0.45%	2.11	14.16	1.52	0.00%	0.01
-10	-0.16%	-0.75	-5.06	-1.52	-0.16%	-0.74
-9	-0.69%	-3.21	-21.52	-3.25	-0.85%	-3.95
-8	0.24%	1.10	7.38	1.52	-0.61%	-2.85
-7	-0.22%	-1.05	-7.02	-3.68	-0.84%	-3.90
-6	0.32%	1.48	9.92	0.65	-0.52%	-2.42
-5	-0.01%	-0.05	-0.31	-1.08	-0.53%	-2.46
-4	0.12%	0.54	3.60	0.22	-0.41%	-1.93
-3	-0.27%	-1.25	-8.40	-2.38	-0.68%	-3.18
-2	0.04%	0.18	1.23	-0.22	-0.64%	-2.99
-1	0.22%	1.00	6.74	1.08	-0.43%	-1.99
day 0	0.12%	0.56	3.75	0.22	-0.31%	-1.43
1	0.87%	4.03	27.04	4.55	0.56%	2.60
2	0.04%	0.17	1.17	1.08	0.60%	2.77
3	-0.30%	-1.41	-9.48	-2.82	-0.29%	-1.36
4	-0.31%	-1.44	-9.68	-1.52	-0.02%	-0.08
5	-0.34%	-1.58	-10.59	-1.52	-0.36%	-1.66
6	-0.43%	-1.99	-13.34	-2.38	-0.78%	-3.65
7	0.36%	1.66	11.12	0.65	-0.43%	-1.99
8	0.17%	0.79	5.31	1.08	-0.26%	-1.20
9	0.20%	0.93	6.24	-0.22	-0.06%	-0.27
10	-0.45%	-2.09	-14.02	-1.95	-0.51%	-2.36

Shenzhen A shares bad news announcement

Year	Model	Market Model	N			
2001			29			
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.34%	-1.16	-6.25	-9.79	-0.34%	-1.16
-19	0.99%	3.39	18.22	9.79	0.65%	2.23
-18	-0.03%	-0.10	-0.53	0.75	0.62%	2.13
-17	-0.23%	-0.80	-4.28	-6.78	0.39%	1.33
-16	0.51%	1.75	9.39	0.75	0.90%	3.08
-15	-0.33%	-1.13	-6.07	-3.76	0.57%	1.95
-14	0.15%	0.53	2.82	-3.76	0.73%	2.48
-13	0.54%	1.83	9.82	0.75	1.26%	4.31
-12	-0.16%	-0.54	-2.92	-6.78	1.10%	3.76
-11	-0.12%	-0.40	-2.13	-6.78	0.99%	3.37
-10	-0.37%	-1.27	-6.83	-5.27	0.61%	2.09
-9	0.07%	0.25	1.33	0.75	0.69%	2.34
-8	0.36%	1.24	6.66	-0.75	1.05%	3.58
-7	-0.11%	-0.36	-1.96	-2.26	0.94%	3.22
-6	0.11%	0.38	2.04	-0.75	1.05%	3.60
-5	0.14%	0.48	2.58	-0.75	1.20%	4.08
-4	-0.14%	-0.47	-2.54	0.75	1.06%	3.61
-3	-0.15%	-0.50	-2.69	-5.27	0.91%	3.10
-2	0.40%	1.36	7.32	9.79	1.31%	4.47
-1	-0.16%	-0.55	-2.94	-3.76	1.15%	3.92
day 0	0.15%	0.50	2.69	5.27	1.30%	4.42
1	-0.68%	-2.32	-12.48	-8.28	0.61%	2.10
2	0.31%	1.07	5.76	-0.75	0.93%	3.17
3	0.49%	1.68	9.03	9.79	1.42%	4.85
4	0.32%	1.07	5.77	0.75	1.74%	5.93
5	0.21%	0.72	3.86	0.75	1.95%	6.65
6	0.02%	0.06	0.32	2.26	1.97%	6.71
7	0.09%	0.31	1.65	2.26	2.06%	7.01
8	-0.19%	-0.63	-3.40	0.75	1.87%	6.38
9	0.72%	2.47	13.25	0.75	2.59%	8.85
10	-0.13%	-0.44	-2.34	3.76	2.47%	8.41

APPENDIX 25: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2002

Shenzhen A of AB shares good news announcement 2002

Year	Model	N					
2002	Market Model	27					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	0.08%	0.29	1.51	15.81	0.08%	0.29	
-19	0.35%	1.22	6.34	5.27	0.43%	1.51	
-18	0.03%	0.10	0.50	-15.81	0.46%	1.61	
-17	0.69%	2.40	12.45	26.35	1.15%	4.00	
-16	-0.19%	-0.65	-3.39	-15.81	0.96%	3.35	
-15	0.04%	0.12	0.65	5.27	1.00%	3.47	
-14	0.53%	1.86	9.64	-5.27	1.53%	5.33	
-13	-0.45%	-1.55	-8.07	-36.89	1.08%	3.78	
-12	-0.08%	-0.28	-1.47	-26.35	1.00%	3.49	
-11	-0.09%	-0.32	-1.68	15.81	0.91%	3.17	
-10	0.27%	0.94	4.90	36.89	1.18%	4.11	
-9	-0.23%	-0.81	-4.21	-5.27	0.95%	3.30	
-8	-0.13%	-0.47	-2.44	-5.27	0.81%	2.83	
-7	-0.11%	-0.37	-1.93	15.81	0.70%	2.46	
-6	-0.24%	-0.84	-4.38	-57.98	0.46%	1.62	
-5	0.24%	0.85	4.39	5.27	0.71%	2.46	
-4	-0.01%	-0.02	-0.13	15.81	0.70%	2.44	
-3	0.16%	0.55	2.85	-15.81	0.86%	2.99	
-2	0.66%	2.31	12.00	36.89	1.52%	5.30	
-1	0.01%	0.04	0.23	-26.35	1.53%	5.34	
day 0	0.25%	0.87	4.54	15.81	1.78%	6.22	
1	0.29%	1.00	5.20	15.81	2.07%	7.22	
2	0.42%	1.47	7.65	15.81	2.49%	8.69	
3	-0.39%	-1.35	-6.99	-26.35	2.10%	7.34	
4	0.45%	1.58	8.22	26.35	2.56%	8.92	
5	-0.17%	-0.59	-3.06	-36.89	2.39%	8.34	
6	-0.28%	-0.99	-5.15	5.27	2.10%	7.34	
7	0.42%	1.48	7.69	5.27	2.53%	8.83	
8	-0.30%	-1.03	-5.35	-26.35	2.23%	7.79	
9	0.49%	1.71	8.88	47.43	2.72%	9.50	
10	-0.39%	-1.37	-7.14	5.27	2.33%	8.13	

Shenzhen B of AB shares good news announcement 2002

Year	Model	N					
2002	Market Model	27					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.26%	-0.81	-4.19	-110.68	-0.26%	-0.81	
-19	-0.07%	-0.23	-1.17	15.81	-0.33%	-1.04	
-18	0.00%	0.00	-0.02	47.43	-0.33%	-1.04	
-17	0.56%	1.75	9.03	205.55	0.23%	0.70	
-16	-0.03%	-0.09	-0.46	-110.68	0.20%	0.62	
-15	-0.06%	-0.19	-0.98	-79.06	0.14%	0.43	
-14	0.57%	1.78	9.21	79.06	0.71%	2.21	
-13	-0.38%	-1.19	-6.14	-110.68	0.33%	1.02	
-12	-0.11%	-0.35	-1.79	-79.06	0.22%	0.68	
-11	0.07%	0.21	1.08	-15.81	0.28%	0.88	
-10	-0.18%	-0.56	-2.90	-110.68	0.10%	0.32	
-9	0.07%	0.23	1.18	47.43	0.18%	0.55	
-8	0.19%	0.60	3.09	79.06	0.37%	1.15	
-7	-0.08%	-0.23	-1.21	-47.43	0.29%	0.92	
-6	-0.19%	-0.61	-3.14	-110.68	0.10%	0.31	
-5	0.22%	0.70	3.63	-15.81	0.32%	1.01	
-4	-0.08%	-0.23	-1.21	-79.06	0.25%	0.78	
-3	0.20%	0.63	3.24	47.43	0.45%	1.40	
-2	0.90%	2.82	14.58	173.93	1.35%	4.22	
-1	0.29%	0.90	4.63	47.43	1.64%	5.12	
day 0	0.28%	0.88	4.55	47.43	1.92%	6.00	
	1	0.38%	1.18	6.08	-15.81	2.30%	7.18
	2	0.12%	0.36	1.88	47.43	2.41%	7.54
	3	0.60%	1.86	9.63	110.68	3.01%	9.40
4	0.34%	1.07	5.51	-15.81	3.35%	10.47	
5	0.62%	1.95	10.08	110.68	3.98%	12.42	
6	-0.48%	-1.51	-7.80	-110.68	3.49%	10.91	
7	0.46%	1.43	7.37	47.43	3.95%	12.34	
8	-0.64%	-2.01	-10.41	-15.81	3.30%	10.32	
9	0.58%	1.83	9.43	47.43	3.89%	12.15	
10	-0.65%	-2.03	-10.47	-142.30	3.24%	10.12	

Shenzhen A shares good news announcement 2002

Year	Model	N				
2002	Market Model	51				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.23%	-1.22	-8.68	-2.76	-0.23%	-1.22
-19	-0.15%	0.77	5.50	0.75	-0.08%	-0.45
-18	-0.14%	-0.74	-5.26	1.25	-0.22%	-1.18
-17	-0.04%	-0.23	-1.60	-0.25	-0.27%	-1.41
-16	0.12%	0.66	4.66	-0.25	-0.14%	-0.75
-15	-0.29%	-1.56	-11.11	-5.27	-0.44%	-2.32
-14	-0.29%	-1.53	-10.87	-3.26	-0.72%	-3.84
-13	-0.17%	-0.92	-6.56	-2.76	-0.90%	-4.76
-12	0.10%	0.50	3.59	-0.75	-0.80%	-4.26
-11	-0.06%	-0.30	-2.17	0.25	-0.86%	-4.56
-10	-0.20%	-1.09	-7.74	-1.25	-1.06%	-5.65
-9	0.03%	0.15	1.10	0.75	-1.03%	-5.50
-8	0.13%	0.70	4.99	1.25	-0.90%	-4.80
-7	-0.39%	-2.08	-14.83	0.25	-1.29%	-6.88
-6	0.25%	1.34	9.57	2.26	-1.04%	-5.53
-5	-0.07%	-0.36	-2.69	-2.26	-1.11%	-5.91
-4	-0.25%	-1.34	-9.54	-1.25	-1.36%	-7.25
-3	0.02%	0.12	0.83	-0.25	-1.34%	-7.14
-2	-0.20%	-1.06	-7.51	-2.26	-1.54%	-8.19
-1	0.07%	0.40	2.83	3.76	-1.47%	-7.79
day 0	-0.58%	-3.08	-21.94	-1.25	-2.05%	-10.88
	-0.09%	-0.48	-3.42	0.25	-2.14%	-11.36
	0.09%	0.50	3.57	-0.25	-2.04%	-10.86
	0.24%	1.28	9.11	1.76	-1.80%	-9.58
4	0.32%	1.68	11.92	0.75	-1.49%	-7.90
5	-0.11%	0.60	4.29	0.75	-1.37%	-7.30
6	-0.18%	-0.95	-6.80	-1.76	-1.55%	-8.25
7	0.20%	1.07	7.63	-1.25	-1.35%	-7.18
8	-0.34%	-1.81	-12.87	-1.25	-1.69%	-8.99
9	-0.20%	-1.09	-7.75	0.25	-1.90%	-10.08
10	-0.28%	-1.51	-10.74	-1.76	-2.18%	-11.59

Shenzhen A of AB shares bad news announcement 2002

Year	Model	N					
2002	Market Model	10					
Event Day	AR	T1	T2	T3	CAR	CART1	
-20	0.12%	0.25	0.78	0.53	0.12%	0.25	
-19	0.26%	0.52	1.64	0.00	0.38%	0.77	
-18	-0.02%	-0.05	-0.14	-0.53	0.36%	0.72	
-17	0.14%	0.28	0.88	1.05	0.49%	1.00	
-16	0.08%	0.16	0.52	0.53	0.57%	1.16	
-15	-0.69%	-1.40	-4.42	-1.05	-0.12%	-0.24	
-14	-0.68%	-1.38	-4.38	-1.05	-0.80%	-1.62	
-13	-0.37%	-0.74	-2.34	-0.53	-1.17%	-2.36	
-12	-0.30%	-0.62	-1.95	0.53	-1.47%	-2.98	
-11	-0.80%	-1.62	-5.12	-1.58	-2.27%	-4.60	
-10	0.20%	0.41	1.31	0.00	-2.07%	-4.18	
-9	-1.29%	-2.61	-8.25	-1.58	-3.36%	-6.79	
-8	-0.65%	-1.32	-4.18	0.00	-4.01%	-8.11	
-7	-0.65%	-1.31	-4.15	-1.58	-4.66%	-9.42	
-6	-0.30%	-0.60	-1.90	0.00	-4.95%	-10.02	
-5	-2.06%	-4.16	-13.16	-2.11	-7.01%	-14.19	
-4	-0.73%	-1.47	-4.65	-0.53	-7.74%	-15.66	
-3	-0.35%	-0.70	-2.22	-1.05	-8.09%	-16.36	
-2	-1.54%	-3.11	-9.82	-2.11	-9.62%	-19.47	
-1	-1.09%	-2.21	-7.00	-0.53	-10.71%	-21.68	
day 0	-0.26%	-0.53	-1.69	-0.53	-10.98%	-22.21	
1	-0.82%	-1.66	-5.25	-1.58	-11.80%	-23.88	
2	-1.02%	-2.24	-7.75	0.00	-11.92%	-24.11	
3	0.73%	1.47	4.66	1.05	-11.19%	-22.64	
4	0.12%	0.25	0.80	0.00	-11.08%	-22.39	
5	0.95%	1.93	6.09	0.00	-10.11%	-20.46	
6	-0.06%	-0.12	-0.38	-0.53	-10.17%	-20.58	
7	-0.83%	-1.68	-5.31	-0.53	-11.00%	-22.26	
8	-0.52%	-1.04	-3.29	-0.53	-11.51%	-23.30	
9	-1.27%	-2.57	-8.13	-1.58	-12.78%	-25.87	
10	-1.55%	-3.13	-9.91	0.00	-14.33%	-29.00	

Shenzhen B of AB shares bad news announcement 2002

Year	Model	N 10						
2002	Market Model	Event Day	AR	T1	T2	T3	CAR	CAR T1
		-20	-0.28%	-0.56	-1.77	-0.56	-0.28%	-0.56
		-19	-0.06%	-0.12	-0.37	1.13	-0.33%	-0.68
		-18	0.20%	0.40	1.25	-0.56	-0.14%	-0.28
		-17	-0.12%	-0.24	-0.75	-0.56	-0.25%	-0.52
		-16	0.14%	0.28	0.90	0.00	-0.11%	-0.23
		-15	-0.62%	-1.26	-3.98	-1.69	-0.74%	-1.50
		-14	-0.95%	-1.93	-6.07	-0.56	-1.68%	-3.42
		-13	-1.33%	-2.71	-8.56	-1.69	-3.01%	-6.74
		-12	-0.19%	-0.39	-1.24	0.00	-3.21%	-6.53
		-11	1.41%	2.88	9.07	-0.56	-1.79%	-3.65
		-10	1.01%	2.05	6.46	1.69	-0.79%	-1.60
		-9	-0.16%	-0.34	-1.06	-0.56	-0.95%	-1.94
		-8	-0.53%	-1.08	-3.42	-0.56	-1.48%	-3.02
		-7	-1.29%	-2.62	-8.27	-1.13	-2.77%	-5.65
		-6	-1.54%	-3.13	-9.87	-1.69	-4.31%	-8.78
		-5	-1.93%	-3.92	-12.36	-2.26	-6.24%	-12.70
		-4	-0.65%	-1.32	-4.15	0.00	-6.88%	-14.01
		-3	1.24%	2.53	7.98	0.00	-8.64%	-11.48
		-2	-0.48%	-0.98	-3.10	-0.56	-6.12%	-12.47
		-1	0.99%	2.02	6.38	1.69	-5.13%	-10.44
	day 0	-0	-0.15%	-0.31	-0.97	0.00	-5.28%	-10.75
		1	-1.06%	-2.16	-6.81	-1.69	-6.34%	-12.91
		2	-1.30%	-2.65	-8.35	-1.13	-7.64%	-15.56
		3	-0.44%	-0.89	-2.81	-0.56	-8.08%	-16.45
		4	0.11%	0.23	0.74	0.56	-7.96%	-16.21
		5	1.83%	3.72	11.74	0.00	-6.14%	-12.49
		6	-0.48%	-0.97	-3.05	0.00	-8.66%	-11.52
		7	-0.38%	-0.77	-2.42	0.56	-6.04%	-12.29
		8	-0.99%	-2.01	-6.33	-1.13	-7.02%	-14.30
		9	-1.32%	-2.69	-8.49	-2.26	-8.34%	-16.99
		10	-2.21%	-4.49	-14.16	-1.69	-10.55%	-21.48

Shenzhen A shares bad news announcement 2002

Year	Model	N						
2002	Market Model	23						
Event Day	AR	T1	T2	T3	CAR	CAR T1	CAR T3	
-20	-0.41%	-1.53	-7.31	-1.05	-0.41%	-1.53	-1.53	
-19	0.47%	1.76	8.39	0.21	0.06%	1.76	1.76	
-18	-0.21%	-0.78	-3.72	0.21	-0.15%	-0.78	-0.78	
-17	-0.04%	-0.15	-0.73	0.21	-0.19%	-0.15	-0.15	
-16	-0.51%	-1.90	-9.08	-1.05	-0.70%	-1.90	-1.90	
-15	-0.14%	-0.52	-2.48	1.05	-0.83%	-0.52	-0.52	
-14	0.20%	0.75	3.58	0.21	-0.63%	0.75	0.75	
-13	-0.17%	-0.66	-3.13	0.63	-0.81%	-0.66	-0.66	
-12	0.39%	1.46	6.97	-0.63	-0.42%	1.46	1.46	
-11	-0.23%	-0.88	-4.18	-1.48	-0.65%	-0.88	-0.88	
-10	-0.58%	-2.19	-10.44	-1.48	-1.24%	-2.19	-2.19	
-9	-0.39%	-1.45	-6.91	-1.05	-1.62%	-1.45	-1.45	
-8	-0.24%	-0.89	-4.22	0.21	-1.86%	-0.89	-0.89	
-7	-0.44%	-1.65	-7.87	-0.21	-2.30%	-1.65	-1.65	
-6	0.07%	0.25	1.21	-1.05	-2.23%	0.25	0.25	
-5	-0.22%	-0.81	-3.88	0.63	-2.45%	-0.81	-0.81	
-4	-0.89%	-3.33	-15.88	-1.90	-3.33%	-3.33	-3.33	
-3	-0.86%	-3.21	-15.31	-2.74	-4.19%	-3.21	-3.21	
-2	-0.69%	-2.59	-12.33	-1.05	-4.88%	-2.59	-2.59	
-1	-0.26%	-0.97	-4.61	-1.05	-5.14%	-0.97	-0.97	
day 0	-1.89%	-3.33	-15.90	-0.21	-6.03%	-3.33	-3.33	
1	-1.18%	-4.43	-21.14	-2.74	-7.21%	-4.43	-4.43	
2	-0.07%	-0.25	-1.21	-1.48	-7.27%	-0.25	-0.25	
3	-0.05%	-0.20	-0.95	-0.21	-7.33%	-0.20	-0.20	
4	-0.44%	-1.64	-7.82	-1.05	-7.76%	-1.64	-1.64	
5	0.90%	3.38	16.15	1.90	-6.86%	3.38	3.38	
6	-0.05%	-0.17	-0.82	1.05	-6.91%	-0.17	-0.17	
7	0.02%	0.09	0.44	-0.21	-6.88%	0.09	0.09	
8	1.17%	4.38	20.90	1.48	-5.71%	4.38	4.38	
9	-0.46%	-1.73	-8.24	-0.21	-6.18%	-1.73	-1.73	
10	-1.00%	-3.74	-17.85	-1.90	-7.17%	-3.74	-3.74	

APPENDIX 26: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 2003

Shenzhen A of AB shares good news announcement 2003

Year	Model	N					
2003	Market Model	26					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	0.54%	1.57	7.97	1.58	0.54%	1.57	
-19	-0.16%	-0.45	-2.30	0.00	0.39%	1.12	
-18	-0.35%	-1.01	-5.14	0.00	0.04%	0.11	
-17	0.37%	0.41	5.49	1.58	0.41%	1.19	
-16	0.39%	1.14	5.76	0.79	0.80%	2.32	
-15	0.56%	1.62	8.20	-0.79	1.36%	3.94	
-14	-0.35%	-1.00	-5.07	-2.37	1.01%	2.94	
-13	0.01%	0.02	0.10	1.58	1.02%	2.96	
-12	-0.07%	-0.19	-0.98	0.00	0.95%	2.77	
-11	-0.41%	-1.19	-6.04	-2.37	0.54%	1.58	
-10	-0.06%	-0.18	-0.89	-1.58	0.48%	1.40	
-9	-0.26%	-0.76	-3.87	-1.58	0.22%	0.64	
-8	0.33%	0.95	4.81	0.79	0.55%	1.59	
-7	-0.36%	-1.06	-5.35	-0.79	0.18%	0.53	
-6	0.56%	1.63	8.26	5.53	0.74%	2.16	
-5	-0.02%	-0.05	-0.27	-1.58	0.73%	2.10	
-4	0.30%	0.87	4.40	3.95	1.03%	2.97	
-3	-0.54%	-1.56	-7.91	-1.58	0.49%	1.41	
-2	1.05%	3.04	15.43	5.53	1.54%	4.46	
-1	-0.04%	-0.10	-0.52	1.58	1.50%	4.35	
day 0	1.44%	1.28	6.47	1.58	1.94%	5.63	
1	-0.08%	-0.23	-1.16	-1.58	1.86%	5.40	
2	-0.24%	-0.70	-3.56	0.79	1.62%	4.70	
3	0.37%	1.07	5.40	0.79	1.99%	5.76	
4	-0.05%	-0.15	-0.77	1.58	1.94%	5.61	
5	0.09%	0.26	1.32	3.95	2.02%	5.87	
6	-0.51%	-1.47	-7.43	-2.37	1.52%	4.40	
7	0.27%	0.79	4.03	-1.58	1.79%	5.20	
8	-0.25%	-0.73	-3.69	0.00	1.54%	4.47	
9	0.21%	0.62	3.12	0.00	1.75%	5.09	
10	0.47%	1.37	6.97	2.37	2.23%	6.46	

Shenzhen A of AB shares bad news announcement 2003

Year	Model	N				
2003	Market Model	12				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.28%	-0.45	-1.56	2.26	-0.28%	-0.45
-19	-0.45%	-0.73	-2.51	-4.52	-0.72%	-1.18
-18	0.79%	1.28	4.42	6.78	0.06%	0.10
-17	0.38%	0.61	2.12	-2.26	0.44%	0.71
-16	0.25%	0.41	1.41	4.52	0.69%	1.12
-15	0.02%	0.03	0.10	0.00	0.71%	1.15
-14	0.66%	1.07	3.71	2.26	1.37%	2.22
-13	-0.28%	-0.45	-1.56	-2.26	1.09%	1.77
-12	-0.11%	-0.18	-0.61	4.52	0.98%	1.60
-11	0.02%	0.03	0.10	0.00	1.00%	1.62
-10	-0.43%	-0.70	-2.43	-2.26	0.57%	0.92
-9	1.15%	1.86	6.45	4.52	1.72%	2.79
-8	-0.80%	-1.30	-4.51	-6.78	0.91%	1.48
-7	0.94%	1.52	5.28	4.52	1.85%	3.01
-6	-1.17%	-1.91	-6.60	-2.26	0.68%	1.10
-5	-0.28%	-0.46	-1.58	0.00	0.40%	0.65
-4	0.03%	0.04	0.15	2.26	0.43%	0.69
-3	0.27%	0.44	1.52	2.26	0.70%	1.13
-2	-0.14%	-0.23	-0.79	-2.26	0.56%	0.90
-1	-0.36%	-0.58	-2.00	-2.26	0.20%	0.32
day 0	-0.68%	-1.11	-3.83	-2.26	-0.48%	-0.78
1	-0.22%	-0.36	-1.24	0.00	-0.70%	-1.14
2	0.27%	0.45	1.54	2.26	-0.43%	-0.69
3	0.31%	0.51	1.77	4.52	-0.11%	-0.18
4	-0.45%	-0.73	-2.53	-2.26	-0.56%	-0.91
5	-0.60%	-0.98	-3.39	-6.78	-1.17%	-1.89
6	0.64%	1.36	4.71	6.78	-0.33%	-0.53
7	-0.35%	-0.56	-1.95	-2.26	-0.67%	-1.10
8	-0.05%	-0.08	-0.29	0.00	-0.73%	-1.18
9	0.51%	0.83	2.89	6.78	-0.21%	-0.34
10	0.20%	0.33	1.13	0.00	-0.01%	-0.02

Shenzhen B of AB shares good news announcement 2003

Year	Model	N				
2003	Market Model	26				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.16%	-0.36	-1.81	-1.28	-0.16%	-0.36
-19	-0.30%	-0.70	-3.47	-1.28	-0.45%	-1.06
-18	-0.33%	-0.76	-3.79	-0.85	-0.78%	-1.82
-17	0.07%	0.16	0.82	-0.43	-0.71%	-1.65
-16	0.31%	0.72	3.58	0.85	-0.40%	-0.93
-15	0.17%	0.41	2.03	0.00	-0.23%	-0.53
-14	-0.09%	-0.22	-1.09	-1.28	-0.32%	-0.74
-13	-0.20%	-0.48	-2.38	-0.43	-0.52%	-1.22
-12	-0.25%	-0.53	-2.65	-1.71	-0.75%	-1.75
-11	-0.17%	-0.40	-2.01	-0.85	-0.92%	-2.15
-10	-0.32%	-0.75	-3.76	-0.85	-1.25%	-2.91
-9	0.10%	0.24	1.22	0.43	-1.14%	-2.66
-8	0.39%	0.90	4.49	0.85	-0.76%	-1.76
-7	-0.30%	-0.69	-3.44	0.43	-1.05%	-2.45
-6	0.30%	0.69	3.45	1.71	-0.76%	-1.76
-5	0.19%	0.45	2.25	0.43	-0.56%	-1.31
-4	0.34%	0.79	3.93	-1.28	-0.23%	-0.53
-3	-0.53%	-1.24	-6.20	-0.85	-0.76%	-1.77
-2	0.73%	1.71	8.55	1.71	-0.02%	-0.05
-1	0.32%	0.74	3.68	0.43	0.29%	0.68
day 0	1.07	5.35	-0.43	0.75%	1.75	1.75
1	-0.19%	-0.44	-2.19	-1.28	0.56%	1.31
2	0.00%	0.01	0.05	0.43	0.57%	1.32
3	-0.39%	-0.92	-4.57	-1.71	0.18%	0.41
4	-0.67%	-1.56	-7.81	-2.56	-0.50%	-1.16
5	-0.26%	-0.62	-3.07	-1.28	-0.76%	-1.77
6	0.09%	0.21	1.06	-0.85	-0.67%	-1.56
7	0.14%	0.33	1.66	0.43	-0.53%	-1.23
8	-0.28%	-0.65	-3.24	-0.85	-0.81%	-1.88
9	-0.34%	-0.79	-3.93	-1.71	-1.14%	-2.66
10	-0.18%	-0.41	-2.05	-2.14	-1.32%	-3.07

Shenzhen B of AB shares bad news announcement 2003

Year	Model	N	Market Model						
			Event Day	AR	T1	T2	T3	CAR	CAR T1
2003	-20	0.02%	0.04	0.13	1.44	0.02%	0.04		
	-19	-0.45%	-0.70	-2.40	-4.31	-0.42%	-0.66		
	-18	0.88%	1.37	4.70	2.87	0.45%	0.71		
	-17	0.10%	0.15	0.51	0.00	0.55%	0.86		
	-16	-0.11%	-0.17	-0.59	0.00	0.44%	0.69		
	-15	-0.16%	-0.25	-0.84	-2.87	0.28%	0.44		
	-14	-0.06%	-0.09	-0.31	0.00	0.22%	0.35		
	-13	-0.39%	-0.61	-2.08	-1.44	-0.17%	-0.26		
	-12	-0.60%	-0.94	-3.23	-2.87	-0.77%	-1.20		
	-11	1.04%	1.64	5.59	0.00	0.28%	0.43		
	-10	-0.12%	-0.19	-0.65	0.00	0.15%	0.24		
	-9	0.14%	0.21	0.73	1.44	0.29%	0.45		
	-8	0.01%	0.02	0.05	-1.44	0.30%	0.47		
	-7	0.58%	0.90	3.09	2.87	0.87%	1.37		
	-6	-0.28%	-0.44	-1.50	2.87	0.60%	0.93		
	-5	-0.79%	-1.24	-4.23	-4.31	-0.19%	-0.30		
	-4	0.13%	0.20	0.68	2.87	-0.07%	-0.10		
	-3	0.03%	0.05	0.19	0.00	-0.03%	-0.05		
	-2	-0.10%	-0.15	-0.53	0.00	-0.13%	-0.20		
	-1	0.14%	0.21	0.73	-1.44	0.01%	0.01		
day 0	-1.08%	-1.70	-5.80	-1.44	-1.07%	-1.68			
1	-0.78%	-1.23	-4.20	-2.87	-1.86%	-2.91			
2	0.11%	0.18	0.62	1.44	-1.74%	-2.73			
3	0.24%	0.38	1.30	2.87	-1.50%	-2.35			
4	-0.02%	-0.03	-0.11	1.44	-1.52%	-2.39			
5	-1.44%	-2.25	-7.70	-7.19	-2.96%	-4.64			
6	0.48%	0.76	2.61	2.87	-2.47%	-3.87			
7	-0.16%	-0.26	-0.87	-2.87	-2.63%	-4.13			
8	-0.10%	-0.16	-0.53	0.00	-2.73%	-4.28			
9	-0.24%	-0.38	-1.29	-1.44	-2.97%	-4.66			
10	0.53%	0.83	2.82	1.44	-2.45%	-3.84			

Shenzhen A shares good news announcement 2003

Year	Model	N					
2003	Market Model	52					
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	0.01%	0.06	0.43	2.64	0.01%	0.06	
-19	0.39%	1.60	11.52	0.00	0.41%	1.66	
-18	-0.04%	-0.15	-1.09	2.64	0.37%	1.51	
-17	0.40%	1.62	11.65	-5.27	0.76%	3.42	
-16	0.08%	0.31	2.24	0.00	0.84%	3.43	
-15	0.05%	0.20	1.46	0.00	0.89%	3.64	
-14	-0.28%	-1.14	-8.22	-13.18	0.61%	2.50	
-13	0.13%	0.54	3.86	2.64	0.74%	3.03	
-12	0.81%	3.30	23.81	10.54	1.55%	6.33	
-11	0.06%	0.24	1.77	10.54	1.61%	6.58	
-10	0.05%	0.21	1.49	-13.18	1.66%	6.78	
-9	-0.26%	-1.06	-7.62	-18.45	1.40%	5.73	
-8	0.15%	0.61	4.40	0.00	1.55%	6.34	
-7	0.23%	0.94	6.77	7.91	1.78%	7.28	
-6	-0.13%	-0.54	-3.88	0.00	1.65%	6.74	
-5	0.24%	0.97	7.00	-2.64	1.89%	7.71	
-4	-0.21%	-0.87	-6.30	-7.91	1.67%	6.84	
-3	0.11%	0.44	3.19	-7.91	1.78%	7.28	
-2	0.62%	2.55	18.36	15.81	2.41%	9.82	
-1	-0.14%	-0.59	-4.24	2.64	2.26%	9.24	
day 0	1.02%	7.39	10.54	2.29	2.34%	9.55	
1	0.25%	1.02	7.39	10.54	2.59%	10.58	
2	0.45%	1.84	13.29	7.91	3.04%	12.42	
3	0.29%	1.20	8.68	2.64	3.34%	13.63	
4	-0.10%	-0.41	-2.96	-2.64	3.24%	13.21	
5	-0.20%	-0.81	-5.81	-5.27	3.04%	12.41	
6	0.05%	0.22	1.60	7.91	3.09%	12.63	
7	0.16%	0.64	4.63	0.00	3.25%	13.27	
8	0.27%	1.11	7.99	-2.64	3.52%	14.38	
9	-0.05%	-0.18	-1.33	13.18	3.48%	14.20	
10	-0.11%	-0.46	-3.35	2.64	3.36%	13.73	

Shenzhen A shares bad news announcement 2003

Year	Model	N						
2003	Market Model	24						
Event Day	AR	T1	T2	T3	CAR	CAR T1	CAR T2	
-20	-0.21%	-0.54	-2.66	-2.64	-0.21%	-0.54	-0.54	
-19	0.27%	0.70	3.42	7.91	0.06%	0.16	0.16	
-18	-0.14%	-0.35	-1.72	-2.64	-0.08%	-0.20	-0.20	
-17	-0.25%	-0.66	-3.21	-2.64	-0.33%	-0.85	-0.85	
-16	-0.32%	-0.82	-3.99	-2.64	-0.65%	-1.67	-1.67	
-15	0.13%	0.33	1.63	-2.64	-0.52%	-1.33	-1.33	
-14	0.51%	1.31	6.39	2.64	-0.01%	-0.03	-0.03	
-13	-0.40%	-1.04	-5.10	-5.27	-0.41%	-1.07	-1.07	
-12	0.29%	0.74	3.61	2.64	-0.13%	-0.33	-0.33	
-11	-0.27%	-0.70	-3.44	-7.91	-0.40%	-1.04	-1.04	
-10	0.42%	1.07	5.24	0.00	0.01%	0.03	0.03	
-9	0.04%	0.10	0.51	0.00	0.05%	0.14	0.14	
-8	-0.93%	-2.40	-11.74	-7.91	-0.88%	-2.26	-2.26	
-7	-0.36%	-0.92	-4.49	5.27	-1.23%	-3.18	-3.18	
-6	-0.02%	-0.06	-0.31	0.00	-1.26%	-3.24	-3.24	
-5	-0.05%	-0.13	-0.66	7.91	-1.31%	-3.37	-3.37	
-4	0.01%	0.02	0.07	-2.64	-1.30%	-3.36	-3.36	
-3	0.82%	2.10	10.26	13.18	-0.49%	-1.26	-1.26	
-2	-0.75%	-1.94	-9.52	-5.27	-1.24%	-3.20	-3.20	
-1	-0.82%	-2.11	-10.34	-7.91	-2.06%	-5.32	-5.32	
day 0	-0.68%	-1.76	-8.59	-7.91	-2.74%	-7.07	-7.07	
1	-0.52%	-1.33	-6.53	-5.27	-3.26%	-8.41	-8.41	
2	0.47%	1.21	5.91	5.27	-2.79%	-7.20	-7.20	
3	0.42%	1.09	5.32	10.94	-2.37%	-6.11	-6.11	
4	0.54%	1.38	6.78	7.91	-1.83%	-4.73	-4.73	
5	0.25%	0.64	3.14	2.64	-1.59%	-4.09	-4.09	
6	0.64%	1.66	8.12	-2.64	-0.94%	-2.43	-2.43	
7	0.20%	0.53	2.58	2.64	-0.74%	-1.90	-1.90	
8	0.60%	1.54	7.53	10.54	-0.74%	-0.36	-0.36	
9	0.64%	1.65	8.09	5.27	0.50%	1.29	1.29	
10	0.05%	0.12	0.58	-2.64	0.55%	1.41	1.41	

APPENDIX 27: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2003

Shenzhen A of AB shares good news announcement 1999-2003

Year	Model	N 131					
1999-2003	Market Model						
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	-0.15%	-0.90	-10.29	-1.88	-0.15%	-0.90	
-19	0.29%	1.80	20.58	0.80	0.15%	0.90	
-18	-0.29%	-1.82	-20.74	-4.56	-0.15%	-0.92	
-17	0.44%	2.72	31.13	2.41	0.29%	1.81	
-16	-0.03%	-0.16	-1.84	-4.02	0.27%	1.65	
-15	0.19%	1.16	13.25	1.34	0.45%	2.81	
-14	0.02%	0.13	1.48	-5.09	0.47%	2.94	
-13	-0.07%	-0.41	-4.63	-1.34	0.41%	2.53	
-12	0.00%	0.00	-0.03	-1.88	0.41%	2.53	
-11	0.02%	0.11	1.22	-0.27	0.43%	2.64	
-10	-0.15%	-0.91	-10.35	-3.48	0.28%	1.73	
-9	0.22%	1.36	15.53	-0.27	0.50%	3.09	
-8	0.20%	1.22	13.96	0.80	0.70%	4.31	
-7	0.18%	1.14	13.01	1.34	0.88%	5.45	
-6	-0.22%	-1.34	-15.36	-2.95	0.66%	4.11	
-5	0.22%	1.34	15.28	0.80	0.88%	5.44	
-4	-0.06%	-0.36	-4.16	3.48	0.82%	5.08	
-3	-0.13%	-0.80	-9.10	-0.80	0.69%	4.28	
-2	0.51%	3.15	36.00	7.77	1.20%	7.43	
-1	0.20%	1.22	13.97	2.41	1.40%	8.66	
day 0	0.45%	2.81	32.07	5.09	1.85%	11.46	
	0.08%	0.52	5.94	-0.80	1.93%	11.98	
	0.01%	0.07	0.80	-1.88	1.94%	12.05	
	-0.19%	-1.15	-13.13	-5.63	1.76%	10.90	
	-0.04%	-0.27	-3.08	1.88	1.71%	10.63	
	-0.02%	-0.15	-1.73	-4.56	1.69%	10.48	
	-0.46%	-2.88	-32.89	-4.56	1.23%	7.60	
	0.20%	1.23	14.05	-1.34	1.42%	8.83	
	0.10%	0.60	6.88	0.27	1.52%	9.44	
	0.29%	1.82	20.82	0.27	1.82%	11.26	
10	0.11%	0.68	7.72	0.80	1.92%	11.93	

Shenzhen B of AB shares good news announcement 1999-2003

Year	Model	N 131					
1999-2003 Market Model							
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	0.29%	0.98	10.66	-7.19	0.29%	0.98	
-19	0.72%	2.40	26.24	-3.35	1.02%	3.38	
-18	0.67%	2.23	24.38	7.19	1.69%	5.61	
-17	1.10%	3.66	39.98	11.98	2.79%	9.27	
-16	0.66%	2.19	23.87	-1.44	3.45%	11.46	
-15	0.20%	0.67	7.29	-3.35	3.65%	12.13	
-14	0.93%	3.10	33.89	5.27	4.58%	15.23	
-13	0.25%	0.84	9.23	-3.35	8.44%	16.07	
-12	0.36%	1.20	13.12	-3.35	5.20%	17.28	
-11	0.37%	1.22	13.38	-0.48	5.57%	18.50	
-10	0.30%	0.98	10.75	-2.40	5.87%	19.48	
-9	0.12%	0.38	4.19	4.31	5.98%	19.87	
-8	-0.04%	-0.14	-1.55	-0.48	5.94%	19.73	
-7	0.54%	1.81	19.72	2.40	6.48%	21.53	
-6	0.25%	0.82	9.00	1.44	6.73%	22.36	
-5	0.22%	0.74	8.05	1.44	6.95%	23.09	
-4	0.50%	1.67	18.20	-2.40	7.45%	24.76	
-3	-0.09%	-0.29	-3.16	-0.48	7.37%	24.47	
-2	0.49%	1.63	17.77	4.31	7.86%	28.10	
-1	0.82%	2.71	29.58	10.06	8.67%	28.80	
day 0	0.59%	1.97	21.51	5.27	9.26%	30.77	
	0.61%	2.02	22.05	-0.48	9.87%	32.79	
	0.45%	1.49	16.30	6.23	10.32%	34.29	
	0.11%	0.36	3.94	3.35	10.43%	34.65	
	-0.03%	-0.08	-0.91	-13.89	10.40%	34.56	
	0.19%	0.63	6.83	-1.44	10.59%	35.19	
	-0.01%	-0.03	-0.31	-9.10	10.58%	35.16	
	0.33%	1.09	11.89	4.31	10.91%	36.25	
	-0.11%	-0.38	-4.16	-6.23	10.80%	35.87	
	0.43%	1.42	15.54	9.10	11.23%	37.29	
10	0.16%	0.52	5.63	-2.40	11.36%	37.81	

Shenzhen A shares good news announcement 1999-2003

Year	Model	N				
1999-2003	Market Model	256				
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.06%	-0.51	-8.19	-0.76	-0.06%	-0.51
-19	-0.01%	-0.07	-1.10	-1.37	-0.07%	-0.58
-18	-0.02%	-0.21	-3.42	0.15	-0.09%	-0.79
-17	0.18%	1.59	25.35	-0.46	0.09%	0.79
-16	-0.04%	-0.34	-5.45	-2.58	0.05%	0.45
-15	-0.08%	-0.74	-11.79	-1.06	-0.03%	-0.29
-14	-0.15%	-1.29	-20.61	-4.10	-0.18%	-1.58
-13	0.01%	0.12	1.92	-0.61	-0.17%	-1.46
-12	0.13%	1.16	18.50	-0.76	-0.03%	-0.30
-11	0.03%	0.24	3.78	0.91	-0.01%	-0.06
-10	-0.07%	-0.65	-10.34	-2.13	-0.08%	-0.71
-9	-0.43%	-3.74	-59.75	-3.80	-0.51%	-4.45
-8	0.09%	0.74	11.84	1.37	-0.43%	-3.71
-7	-0.11%	-0.96	-15.36	-1.22	-0.54%	-4.67
-6	0.05%	0.48	7.63	0.00	-0.48%	-4.19
-5	0.10%	0.91	14.57	-0.61	-0.38%	-3.28
-4	0.10%	0.85	13.60	-0.76	-0.28%	-2.43
-3	0.06%	0.52	8.33	-0.76	-0.22%	-1.91
-2	0.06%	0.55	8.80	-0.76	-0.16%	-1.36
-1	0.22%	1.87	29.92	2.58	0.06%	0.51
day 0	0.09%	0.78	12.46	-0.15	0.15%	1.29
	0.33%	2.88	45.98	2.58	0.48%	4.17
	-0.05%	-0.46	-7.33	-0.46	0.43%	3.71
	-0.05%	-0.41	-6.52	-0.30	0.38%	3.30
	-0.13%	-1.15	-18.38	-1.22	0.25%	2.15
5	-0.10%	-0.89	-14.20	-0.61	0.15%	1.27
6	-0.06%	-0.51	-8.19	-0.46	0.09%	0.75
7	0.31%	2.68	42.86	1.67	0.40%	3.43
8	0.05%	0.39	6.26	-0.46	0.44%	3.83
9	0.03%	0.26	4.21	1.22	0.47%	4.09
10	-0.18%	-1.60	-25.61	-0.91	0.29%	2.49

Shenzhen B of AB shares bad news announcement 1999-2003

Year	Model	N 49					
1999-2003	Market Model						
Event Day	AR	T1	T2	T3	CAR	CAR T1	
-20	0.73%	1.54	10.55	1.22	0.727%	1.54	
-19	0.14%	0.30	2.05	-1.22	0.869%	1.84	
-18	1.24%	2.62	17.91	2.68	2.105%	4.46	
-17	1.02%	2.15	14.72	-0.24	3.120%	6.62	
-16	1.07%	2.26	15.46	1.22	4.186%	8.88	
-15	0.24%	0.50	3.43	-2.68	4.422%	9.38	
-14	0.11%	0.23	1.59	0.24	4.532%	9.61	
-13	-0.38%	-0.80	-5.49	-0.73	4.153%	8.81	
-12	-0.16%	-0.33	-2.26	-0.24	3.998%	8.48	
-11	1.52%	3.21	21.97	0.73	5.513%	11.69	
-10	0.79%	1.68	11.48	2.19	6.305%	13.37	
-9	-0.22%	-0.46	-3.12	-2.19	6.089%	12.91	
-8	0.49%	1.03	7.07	-1.22	6.576%	13.95	
-7	0.14%	0.31	2.10	1.22	6.721%	14.26	
-6	-0.07%	-0.14	-0.96	1.22	6.655%	14.12	
-5	-0.65%	-1.39	-9.49	-4.62	6.001%	12.73	
-4	-0.14%	-0.30	-2.06	0.24	5.858%	12.43	
-3	-0.07%	-0.14	-0.97	-0.24	5.792%	12.28	
-2	-0.24%	-0.52	-3.54	-3.16	5.547%	11.77	
-1	-0.50%	-1.06	-7.28	-1.22	5.045%	10.70	
day 0	-0.53%	-1.13	-7.70	-1.22	4.514%	9.57	
	-0.68%	-1.44	-9.81	-2.19	3.838%	8.14	
	-0.62%	-1.32	-9.02	-2.68	3.216%	6.82	
	0.24%	0.51	3.50	2.19	3.457%	7.33	
4	0.46%	0.97	6.65	3.65	3.915%	8.30	
5	0.52%	1.09	7.48	0.24	4.431%	9.40	
6	0.10%	0.21	1.42	-0.24	4.529%	9.61	
7	-0.82%	-1.75	-11.95	-0.24	3.705%	7.86	
8	-0.59%	-1.26	-8.58	-4.14	3.113%	6.60	
9	-0.53%	-1.12	-7.63	-4.14	2.587%	5.49	
10	0.10%	0.22	1.50	-0.24	2.690%	5.71	

Shenzhen A shares bad news announcement 1999-2003

Year		Model		N		
1999-2003		Market Model		104		
Event Day	AR	T1	T2	T3	CAR	CAR T1
-20	-0.25%	-1.36	-13.81	-5.27	-0.25%	-1.36
-19	0.50%	2.71	27.54	7.91	0.25%	1.35
-18	-0.13%	-0.70	-7.13	-2.64	0.12%	0.65
-17	0.14%	0.78	7.89	-0.66	0.26%	1.43
-16	0.11%	0.62	6.29	-0.66	0.38%	2.05
-15	-0.23%	-1.25	-12.71	-1.98	0.15%	0.79
-14	0.35%	1.89	19.20	0.66	0.49%	2.68
-13	0.18%	0.98	9.97	1.98	0.68%	3.67
-12	-0.05%	-0.27	-2.72	-6.59	0.63%	3.40
-11	-0.11%	-0.59	-5.96	-9.22	0.52%	2.81
-10	0.14%	0.76	7.70	-1.32	0.66%	3.57
-9	-0.17%	-0.94	-9.54	-2.64	0.48%	2.63
-8	0.19%	1.03	10.42	3.29	0.67%	3.66
-7	-0.27%	-1.46	-14.87	-2.64	0.40%	2.19
-6	0.26%	1.43	14.48	0.66	0.67%	3.62
-5	0.03%	0.15	1.50	1.98	0.69%	3.76
-4	-0.22%	-1.20	-12.18	-3.29	0.47%	2.56
-3	0.01%	0.04	0.42	-3.95	0.48%	2.61
-2	-0.36%	-1.93	-19.59	-2.64	0.12%	0.68
-1	-0.42%	-2.28	-23.13	-6.59	0.07%	0.35
day 0	-0.42%	-2.28	-23.13	-1.32	-0.35%	-1.92
1	-0.55%	-3.00	-30.50	-7.91	-0.91%	-4.93
2	0.25%	1.36	13.85	-1.98	-0.66%	-3.56
3	0.21%	1.16	11.79	6.59	-0.44%	-2.40
4	0.34%	1.87	18.95	1.32	-0.10%	-0.54
5	0.47%	2.54	25.81	2.64	0.37%	2.01
6	0.18%	0.98	9.93	2.84	0.55%	2.98
7	0.12%	0.66	6.73	1.32	0.67%	3.65
8	0.37%	2.03	20.57	5.93	1.04%	5.67
9	0.33%	1.78	18.11	0.00	1.37%	7.45
10	-0.18%	-0.97	-9.88	0.66	1.19%	6.48

APPENDIX 28: SHENZHEN A OF AB, B OF AB AND A-SHARES EARNINGS RESPONSES 1999-2003-BASED ON THREE MODELS

Shenzhen A of AB shares good news announcement 1999-2003

Year	1999-2003 N=131			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	-0.15%	-0.15%	0.27%	0.27%
-19	0.29%	0.15%	0.27%	0.51%
-18	-0.29%	-0.15%	-0.11%	0.40%
-17	0.44%	0.29%	0.70%	1.10%
-16	-0.03%	0.27%	0.13%	1.23%
-15	0.19%	0.45%	0.69%	1.91%
-14	0.02%	0.47%	0.47%	2.38%
-13	-0.07%	0.41%	0.08%	2.46%
-12	0.00%	0.41%	0.16%	2.61%
-11	0.02%	0.43%	0.43%	3.04%
-10	-0.05%	0.38%	-0.03%	2.51%
-9	0.22%	0.50%	0.25%	2.76%
-8	0.20%	0.70%	0.32%	3.08%
-7	0.16%	0.88%	0.30%	3.36%
-6	-0.22%	0.66%	-0.15%	3.24%
-5	0.22%	0.88%	0.29%	3.52%
-4	-0.06%	0.82%	0.19%	3.71%
-3	-0.13%	0.69%	-0.19%	3.52%
-2	0.51%	1.20%	0.46%	3.98%
-1	0.20%	1.40%	0.82%	4.77%
day 0	0.45%	1.85%	0.28%	4.47%
1	0.08%	1.93%	0.17%	4.62%
2	0.01%	1.94%	-0.17%	4.41%
3	-0.19%	1.76%	-0.16%	4.24%
4	-0.04%	1.71%	-0.10%	4.14%
5	-0.02%	1.69%	-0.24%	3.90%
6	-0.46%	1.23%	-0.42%	3.48%
7	0.20%	1.43%	0.16%	3.64%
8	0.10%	1.52%	-0.15%	3.49%
9	0.29%	1.82%	0.17%	3.66%
10	0.11%	1.92%	0.09%	3.74%

Shenzhen A of AB shares bad news announcement 1999-2003

Year	1999-2003 N=49			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	0.37%	0.37%	0.93%	0.93%
-19	0.64%	1.00%	1.08%	2.01%
-18	0.56%	1.57%	0.39%	2.40%
-17	0.15%	1.72%	0.57%	2.97%
-16	0.06%	1.78%	0.32%	3.29%
-15	0.08%	1.84%	0.84%	3.92%
-14	-0.24%	1.60%	0.13%	4.05%
-13	0.20%	1.80%	0.47%	4.52%
-12	0.04%	1.84%	0.36%	4.89%
-11	-0.21%	1.43%	-0.12%	4.76%
-10	0.21%	1.64%	0.31%	5.06%
-9	-0.02%	1.62%	-0.05%	5.01%
-8	-0.15%	1.47%	0.17%	5.18%
-7	0.88%	2.35%	1.38%	6.56%
-6	-0.34%	2.02%	-0.23%	6.33%
-5	-0.91%	1.10%	-0.90%	5.43%
-4	-0.09%	1.02%	0.03%	5.45%
-3	-0.31%	0.71%	-0.36%	5.09%
-2	-0.66%	0.03%	-0.65%	4.44%
-1	-0.37%	-0.34%	-0.72%	3.72%
day 0	-0.29%	-0.63%	-0.44%	3.28%
1	-0.82%	-1.44%	-1.25%	2.04%
2	-1.20%	-1.70%	-0.63%	1.41%
3	0.04%	-0.66%	0.78%	2.19%
4	-0.25%	-0.91%	-0.69%	1.51%
5	0.15%	-0.76%	0.06%	1.57%
6	0.46%	-0.30%	0.13%	1.70%
7	-0.26%	-0.55%	-0.57%	1.13%
8	-0.58%	-1.13%	-0.76%	0.38%
9	0.02%	-1.12%	-0.04%	0.34%
10	0.46%	-0.66%	0.22%	0.56%

Shenzhen B of AB shares good news announcement 1999-2003

Year	1999-2003 N=131			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	0.29%	0.29%	0.55%	0.55%
-19	0.72%	1.02%	0.60%	1.15%
-18	0.67%	1.69%	0.72%	1.87%
-17	1.10%	2.79%	1.27%	3.14%
-16	0.66%	3.45%	0.67%	3.80%
-15	0.20%	3.65%	0.61%	4.41%
-14	0.93%	4.58%	1.24%	5.65%
-13	0.26%	4.84%	0.28%	5.93%
-12	0.36%	5.20%	0.39%	6.32%
-11	0.37%	5.57%	0.15%	6.47%
-10	0.30%	5.87%	0.23%	6.70%
-9	0.12%	5.98%	0.05%	6.76%
-8	-0.04%	5.94%	-0.07%	6.69%
-7	0.54%	6.48%	0.57%	7.26%
-6	0.25%	6.73%	0.21%	7.47%
-5	0.22%	6.95%	0.18%	7.65%
-4	0.50%	7.45%	0.63%	8.28%
-3	-0.09%	7.37%	-0.27%	8.01%
-2	0.49%	7.86%	0.30%	8.31%
-1	0.82%	8.67%	0.69%	9.00%
day 0	0.59%	9.26%	0.32%	9.32%
1	0.61%	9.87%	0.60%	9.92%
2	0.45%	10.32%	0.10%	10.02%
3	0.11%	10.43%	0.00%	10.02%
4	-0.03%	10.40%	-0.20%	9.83%
5	0.19%	10.59%	-0.16%	9.66%
6	-0.01%	10.58%	-0.14%	9.52%
7	0.33%	10.91%	0.19%	9.71%
8	-0.11%	10.80%	-0.45%	9.26%
9	0.43%	11.23%	0.19%	9.45%
10	0.16%	11.39%	0.04%	9.49%

Shenzhen B of AB shares bad news announcement 1999-2003

Year	1999-2003 N=49			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	0.73%	0.73%	1.38%	1.38%
-19	0.14%	0.87%	0.57%	1.95%
-18	1.24%	2.10%	1.28%	3.23%
-17	0.24%	3.12%	1.86%	5.09%
-16	0.07%	4.19%	1.66%	6.75%
-15	0.24%	4.43%	0.63%	7.37%
-14	0.11%	4.55%	0.64%	8.02%
-13	-0.38%	4.15%	-0.30%	7.72%
-12	-0.16%	4.00%	0.06%	7.78%
-11	1.52%	6.30%	2.12%	9.99%
-10	0.79%	6.30%	1.01%	10.91%
-9	-0.22%	6.09%	-0.29%	10.61%
-8	0.49%	6.58%	0.60%	11.22%
-7	0.14%	6.72%	0.46%	11.68%
-6	-0.07%	6.65%	-0.11%	11.57%
-5	-0.65%	6.00%	-0.58%	10.99%
-4	-0.14%	5.86%	-0.07%	10.92%
-3	-0.07%	5.79%	0.05%	10.86%
-2	-0.24%	5.55%	-0.09%	10.78%
-1	-0.50%	5.05%	-1.04%	9.74%
day 0	-0.53%	4.51%	-0.76%	8.98%
1	-0.68%	3.84%	-0.98%	8.02%
2	-0.82%	3.22%	-1.17%	6.85%
3	0.24%	3.46%	-0.30%	6.55%
4	0.46%	4.37%	0.01%	6.56%
5	0.52%	4.43%	0.35%	6.90%
6	0.10%	4.53%	-0.48%	6.42%
7	-0.82%	3.70%	-1.49%	4.94%
8	-0.59%	3.11%	-0.77%	4.17%
9	-0.53%	2.59%	-0.70%	3.47%
10	0.10%	2.69%	-0.09%	3.37%

Shenzhen A shares good news announcement 1999-2003

Year	1999-2003 N=256			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	-0.06%	-0.06%	0.10%	0.10%
-19	-0.01%	-0.07%	-0.07%	0.21%
-18	-0.02%	-0.09%	-0.04%	0.17%
-17	0.18%	0.09%	0.50%	0.67%
-16	-0.04%	0.05%	0.32%	0.98%
-15	-0.08%	-0.03%	0.05%	1.03%
-14	-0.15%	-0.18%	-0.01%	1.02%
-13	0.01%	-0.17%	0.19%	1.22%
-12	0.13%	-0.03%	0.42%	1.64%
-11	0.03%	-0.01%	0.28%	1.92%
-10	-0.07%	-0.08%	0.33%	2.25%
-9	-0.03%	-0.51%	-0.40%	1.85%
-8	0.09%	-0.43%	0.33%	2.18%
-7	-0.11%	-0.54%	0.11%	2.29%
-6	0.05%	-0.49%	0.40%	2.69%
-5	0.10%	-0.38%	0.38%	3.08%
-4	0.10%	-0.28%	0.25%	3.33%
-3	0.06%	-0.22%	0.19%	3.51%
-2	0.06%	-0.16%	0.04%	3.56%
-1	0.22%	0.06%	0.34%	3.90%
day 0	0.09%	0.15%	0.30%	4.19%
1	0.33%	0.48%	0.37%	4.56%
2	-0.05%	0.43%	-0.05%	4.51%
3	-0.05%	0.36%	-0.19%	4.33%
4	-0.13%	0.25%	-0.19%	4.14%
5	-0.10%	0.15%	-0.15%	4.15%
6	-0.06%	0.09%	0.03%	4.18%
7	0.31%	0.40%	0.25%	4.43%
8	0.05%	0.44%	-0.01%	4.42%
9	0.03%	0.47%	0.02%	4.43%
10	-0.18%	0.29%	-0.22%	4.22%

Shenzhen A shares bad news announcement 1999-2003

Year	1999-2003 N=104			
	Market Model		Mean Model	
Event Day	AR	Cum Res	AR	Cum Res
	Market Adjusted Returns	Cum Res	Market Adjusted Returns	Cum Res
-20	-0.25%	-0.25%	0.21%	0.21%
-19	0.50%	0.25%	0.64%	0.85%
-18	-0.13%	0.12%	-0.12%	0.73%
-17	0.14%	0.26%	0.57%	1.30%
-16	0.11%	0.38%	0.57%	1.87%
-15	-0.23%	0.15%	-0.18%	1.69%
-14	0.35%	0.45%	0.68%	2.38%
-13	0.18%	0.68%	0.58%	2.95%
-12	-0.05%	0.63%	-0.04%	2.91%
-11	-0.11%	0.52%	0.10%	3.01%
-10	0.14%	0.66%	0.27%	3.29%
-9	-0.17%	0.48%	-0.20%	3.08%
-8	0.19%	0.67%	0.73%	3.81%
-7	-0.27%	0.40%	-0.18%	3.63%
-6	0.26%	0.67%	0.47%	4.10%
-5	0.03%	0.69%	0.20%	4.31%
-4	-0.22%	0.47%	-0.25%	4.05%
-3	0.01%	0.48%	0.05%	4.11%
-2	-0.36%	0.12%	-0.43%	3.68%
-1	-0.06%	0.07%	0.11%	3.79%
day 0	-0.42%	-0.35%	-0.45%	3.34%
1	-0.55%	-0.91%	-0.48%	2.88%
2	0.25%	-0.66%	-0.22%	2.66%
3	0.21%	-0.46%	0.26%	2.89%
4	-0.10%	-0.14%	0.26%	2.85%
5	0.47%	0.19%	0.19%	3.04%
6	0.18%	0.55%	-0.11%	2.93%
7	0.12%	0.67%	0.15%	3.08%
8	0.37%	1.04%	0.20%	3.27%
9	0.33%	1.37%	0.36%	3.63%
10	-0.18%	1.19%	0.01%	3.64%